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## **The evolution of the role of merchants in Kuwaiti politics**

Al-Shehabi, Saad Hesham

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The Evolution of the role of Merchants in Kuwaiti Politics.

By:  
Saad H. Al Shehabi

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King's College  
University of London  
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Abstract:

Saad H al Shehabi

King's College, London University

This thesis studies the historical evolution of mercantile influence in Kuwaiti politics from the historical beginnings of Kuwait until the 1990 Iraqi invasion. Primary archival material and arguments from the field of political economy are utilised, particularly relying on the concepts of structural and instrumental powers for analysis. The main conclusion is that there was a shift from merchants' reliance on structural powers in the pre-oil era to a utilisation of instrumental powers after oil began to be exported.

Pre-oil, local rulers depended on mercantile economic activity to generate state revenues and provide local employment. Merchants could use these structural powers to influence and punish rulers. This is vividly illustrated in the 1910 episode of the migration of the pearl merchants and the 1921 and 1938 council movements demanding more executive powers.

Oil exports freed the government from its historical dependence on merchants for both finance and employment. Merchants' structural powers started to erode and they had to shift to instrumental powers to influence the political sphere. They also had to contend with the rising political roles of other social groups, including the Bedouin and the Shi'a. Thus merchants had to diversify their strategies for political influence. These included becoming active in parliamentary politics, participating in the emerging state bureaucracy, establishing chambers of commerce, setting up media outlets and forming alliances with other forces in society.

Although merchants were part of one economic class, they formed a group of notables which was not necessarily politically cohesive and frequently exhibited differing political actions, particularly on non-economic issues. It is therefore important to move away from the view that merchants were a homogenous group and towards a more nuanced understanding at the micro- and meso-level that links individuals with the institutions and networks in which they operated. Factors such as political ideology also played an important role in the actions of individual members.

## **Acknowledgements**

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## Table of Contents

|  |      |
|--|------|
| Abstract   | ii   |
| Acknowledgements   | iii  |
| Selected Glossary  | vi   |
| Map of the modern State of Kuwait  | viii |
| Chapter 1 Introduction: Unpacking the evolving role of merchants in Kuwaiti Politics                     | 1    |
| 1.1 Setting the context: Going beyond the Central Role of the State in Kuwaiti Politics.                 |      |
| 1.2 Understanding merchants in Gulf Politics   |      |
| 1.3 Defining the Kuwaiti mercantile class  |      |
| 1.4 Structural vs. instrumental powers: A framework for analysis   |      |
| 1.5 Sources and materials used: A historical archival perspective  |      |
| 1.6 Thesis structure: A chronological narration  |      |
| Chapter 2 1750-1915: The foundations of Kuwait and the reign of Shaykh Mubarak al Sabah                  | 42   |
| 2.1 The origins of Kuwait as a trading and pearling centre   |      |
| 2.2 The era of Shaykh Mubarak al Sabah: Centralisation of powers and merchants' resistance               |      |
| 2.3 Economic consolidation and the migration of the pearl merchants                                      |      |
| 2.4 Conclusion   |      |
| Chapter 3 1915 -1950: The Reign of Shaykh Ahmad al Jaber and the decline of mercantile structural powers | 73   |
| 3.1 Setting the economic scene   |      |
| 3.2 A continuation in the footsteps of Shaykh Mubarak rule   |      |
| 3.3 The 1921 Council: Demanding a greater share in power   |      |
| 3.4 Merchants faring through tough economic conditions   |      |
| 3.5 The 1938 ,majlis: Leaving long lasting legacies  |      |
| 3.6 Conclusion   |      |
| Chapter 4 1950 – 1961: The beginning of the oil era and the shift to instrumental powers                 | 108  |
| 4.1 Setting the economic scene   |      |
| 4.2 Kuwait's first development plan: A mismatch between reality and aims                                 |      |
| 4.3 The Higher Executive Committee: A response to mercantile pressures                                   |      |
| 4.4 The formation of the Supreme Council: Government consolidates control                                |      |
| 4.5 Al Shuwaikh events: Merchants in the nation building process   |      |
| 4.6 Conclusion   |      |

|   |     |
|---|-----|
| Chapter 5 1961-1965: A new political order - Independence and the beginning of parliamentary life | 138 |
| 5.1 Setting the economic scene  |     |
| 5.2 Independence and the challenge of building a modern state                                     |     |
| 5.3 Writing the constitution: Mercantile's moment of zenith                                       |     |
| 5.4 The beginning of parliamentary life: Merchants still in the lead                              |     |
| 5.5 Kuwait's first constitutional crisis: A mercantile government brought down                    |     |
| 5.6 Conclusion  |     |
| Chapter 6 1965-1977: Shifts in mercantile portfolio of political investments                      | 173 |
| 6.1 Setting the economic scene  |     |
| 6.2 A second setback: Withdrawal from the 1965 parliament   |     |
| 6.3 The 1967 elections controversy and mercantile withdrawal from parliamentary life              |     |
| 6.4 The 1967 Assembly: The utilisation of alternative political investments                       |     |
| 6.5 Kuwait's third parliament: Merchants making a formal return                                   |     |
| 6.6 Suspension of the 1975 assembly: a setback or a necessity?                                    |     |
| 6.7 Conclusion  |     |
| Chapter 7 1977-1990: The Revival of Mercantile Influence  | 207 |
| 7.1 Setting the economic scene  |     |
| 7.2 The formation of the constitutional review committee  |     |
| 7.3 The resumption of parliamentary life  |     |
| 7.4 A state in crisis: the al Manakh stock market disaster  |     |
| 7.5 The 1985 Assembly and its suspension: More mercantile influence through the economic field    |     |
| 7.6 Monday Diwaniya's: an end to the silence  |     |
| 7.7 The formation of the National Council: Historical patterns revived                            |     |
| 7.8 Conclusion  |     |
| Chapter 8 Conclusion: The indelible marks of merchants on Kuwait's body-politic                   | 247 |
| Appendix I: Select biographies  | 257 |
| Bibliography  | 260 |

## Select Glossary

*Amir*: the official title given to the rulers of Kuwait since 1961.

*Amiri Diwan*: The official office of the Amir of Kuwait.

*Dīwāniyya* or *dīwān*: Both are singular and refer to the male sitting room found in most Kuwaiti homes. For high-ranking officials and royals it refers to their office or court.

*Dīwāniyyat al-Ithnain*: this refers to a series of meetings that were held in various diwaniyas in Kuwait during the end of 1989 and beginning 1990 to demand the restoration of parliamentary life.

*Ghawwāṣ* (sg.), *ghaṣa* (pl.): Diver.

*ḵaimmaḵam* (in Ottoman Turkish), *qa'imaḵam* (in Arabic): An Ottoman administrative title, and it was given to those who were the government representatives.

*Majlis*: Court, or another word for the male sitting room (*dīwāniyya*). In Kuwait the word *dīwāniyya* is more common as opposed to *majlis*.

*Majlis al-Umma*: National Assembly, Kuwait's legislature.

*al-Majlis al-Wataniyy*: The National Council which was formed in 1990 as a temporary alternative for the National Assembly.

*Mussaḵam*: a special class of financiers in the pearling industry. They got their capital from the *tujjār* (traders). They would in turn forward their capital to the rest of those who worked in the industry.

*Naqīb* (*naqīb al-ashraf*): Honorary position in the Ottoman Empire. The chief representative of the descendants of Prophet Muhammad (pbu) in Basra

*Nūkhidha*: a ship captain in the pearling industry.

*Salifat al-Ghaws*: the pearling industry tribunals.

*Shari'a*: Islamic law.

*Suq al-Manakh*: the unofficial Kuwaiti stock market which collapsed in summer 1982.

*Tathmīn*: valuation. It refers to a the land valuation program started by the government during the 1950's.

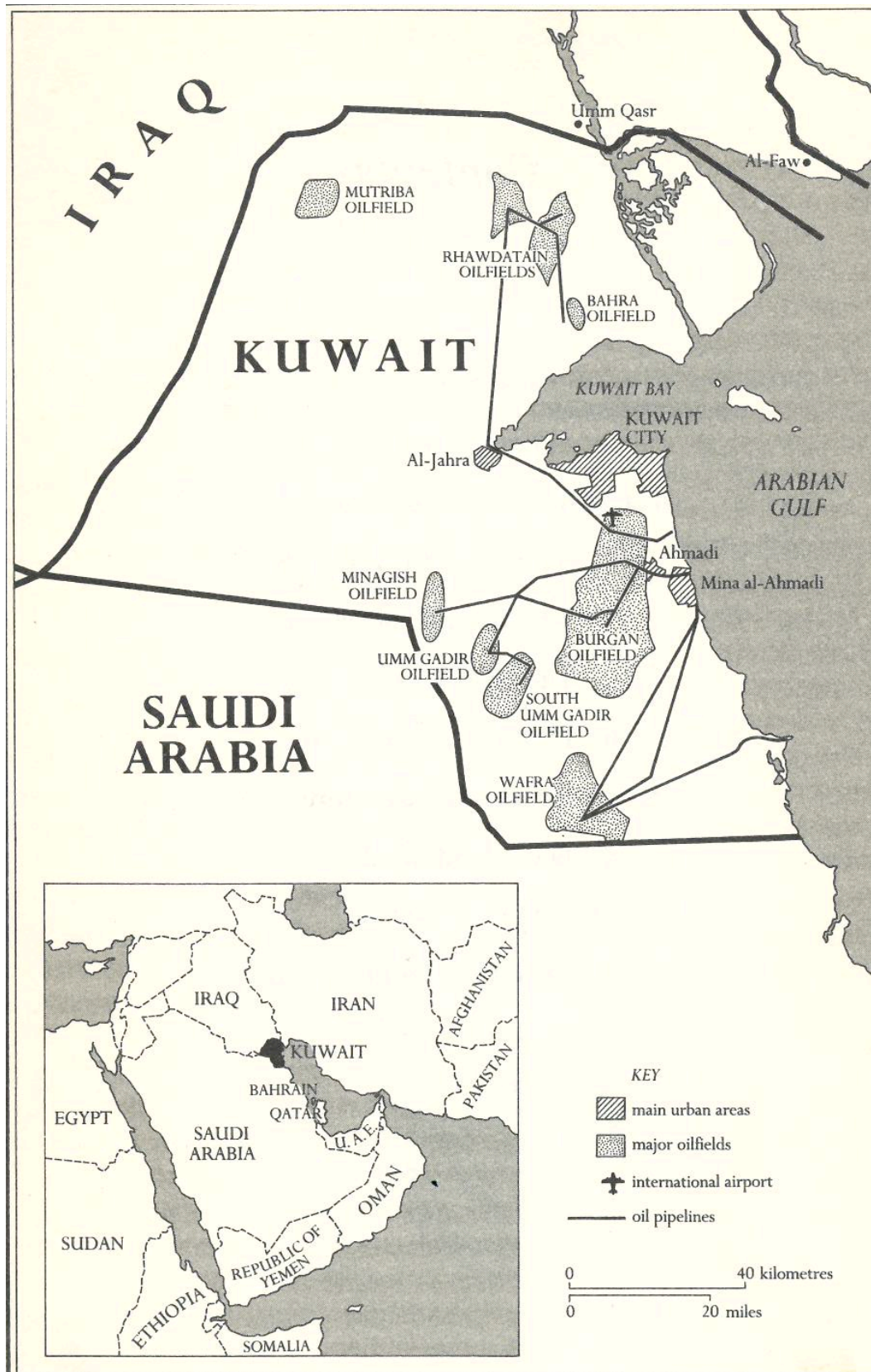
*Ṭawwāsh*: a class of pearl merchants they were under the major *tujjār*.

*Tujjār*: major pearl merchants who were the main source of capital for the pearling industry

*Wālī*: An Ottoman administrative title given to the governors of major cities, for example of Basra or Baghdad.



## Map of the modern State of Kuwait



map sourced from: Peter Mansfield, *Kuwait Vanguard of the Gulf*, London, Hutchinson Publishing Co Ltd., 1990, p. 1.

## Chapter 1: Unpacking the evolving role of merchants in Kuwaiti politics

On 15 October 2012, former Kuwaiti parliamentarian Musallam al-Barrak gave a fiery speech in a demonstration against government plans to amend the electoral system. He warned the government of the consequences of changing the electoral law before the next parliamentary elections.<sup>1</sup> By this point al-Barrak had become the symbol of the opposition – now largely composed of the bedouin community. In the same speech he attacked former parliamentarians Muhammad al-Saqr and Jasim al-Kharafi and accused them of misadvising Kuwait's amir about electoral law and politics more generally.<sup>2</sup> What makes these statements significant is that al-Kharafi and al-Saqr were both prominent members of the mercantile class who had considerable influence on the amir, according to al-Barrak.

Such a statement runs counter to the prevalent consensus in academic literature which views Kuwait's merchants as having been largely tamed and bought off by the ruling family and by the state in the oil era. Furthermore, it displays a complete reversal in the merchants' stance compared with their position in the pre-oil era, where they were seen to be spearheading the opposition to the ruling family and calling for more political reform. How is one to reconcile these seemingly contradictory perceptions of the role of merchants in Kuwaiti politics in the twentieth century?

This thesis aims to provide a detailed historical account of the evolving role of merchants in Kuwaiti politics. The study covers the period spanning from the historical beginnings of Kuwait until the Iraqi invasion of Kuwait on 2 August 1990, focusing particularly on the 1910-1990 period. The core argument of this thesis is that during this period, merchants' political prominence evolved

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<sup>1</sup> <http://www.bbc.co.uk/news/world-middle-east-19964068> accessed on 2 July 2014.

<sup>2</sup> <http://alziadiq8.com/3761.html> for the full speech in Arabic. Al-Barrak claimed that there were two proposed amendments to the electoral system. For both, the boundaries of the electoral constituencies would remain the same. However in the first amendment, which al-Barrak said was supposed to please al-Kharafi, there would be a reduction in the number of votes from four to one per ballot. In the second proposal, there would be two votes and al-Barrak believed that Muhammad al-Saqr was behind the change. Al-Saqr issued a statement published in various local newspapers in which he refuted al-Barrak's claims. *al-Watan*, 17 October 2012: [http://pdf2012.kuwait.tt/ln\\_20121017\\_1.pdf](http://pdf2012.kuwait.tt/ln_20121017_1.pdf) and [http://pdf2012.kuwait.tt/ln\\_20121017\\_65.pdf](http://pdf2012.kuwait.tt/ln_20121017_65.pdf) for al-Saqr's statement. accessed on 3 July 2014.

from being a major partner in state power in the pre-oil era, to being a prominent actor among many other actors in an overcrowded political scene.

In particular, this thesis takes as its starting point the assertion of rentier state theory that the advent of the oil age led merchants to lose two main sources of power that gave them their privileged position in society: they were no longer the main providers of employment for the local population, and they were no longer the main source of tax revenue and finance for the state. Taking this as its starting point, the thesis then puts forward these central claims:

1: When comparing the pre-oil era with the oil era, the type of power through which merchants exerted their influence shifted from structural to instrumental power.

2: Merchants displayed a complex relationship with the state. Sometimes, politically active merchants found themselves working in tandem with the state, indeed sometimes becoming integrated into the state building process itself and penetrating it. On the other hand, there were also merchants who directly opposed the state and tried to tame its influence.

3: Merchants had to contend with the emergence of other forces in society, including the rising political power of the Arab Nationalist Movement, the bedouin and the Shi'a. This often led merchants to form alliances with such groups to accommodate them, and also sometimes to stand against them.

4: To achieve these aims, merchants developed a varied portfolio of strategies and instruments to exercise their influence in the political arena. This portfolio of strategies relied on diverse instruments such as media outlets, chambers of commerce, active participation in the opposition and direct involvement in the state bureaucracy. The strategies employed heavily depended on the circumstances merchants faced across time.

5: Although merchants were part of one economic class, they formed a group of notables which was not necessarily cohesive and which frequently exhibited differing political actions. It is, therefore, important to move away from the view that merchants were a homogenous group and towards a

more nuanced understanding at the micro- and meso-level that links individuals with the institutions and networks in which they were embedded. Factors such as political ideology also played an important role in the actions of individuals members.

6: Even though the actions of merchants as well as their sources and instruments of power varied across time, circumstances and individuals, a uniting theme is that merchants continued to play a highly relevant and influential - albeit evolving - role in Kuwaiti politics and society. The main task of this thesis is to detail these evolving fortunes between 1910 and 1990.

Thus it will be argued that during the oil era merchants were still able to exert considerable influence, in contrast with the typical conclusion that the government was able to buy them off with contracts and income redistribution schemes. In doing so the thesis will employ arguments found in political economy literature about business powers - namely structural and instrumental powers - to explain the evolution of mercantile influence. Historically, merchant families were among the first settlers in modern day Kuwait alongside the Al Sabah ruling family. This gave them a socially privileged position. Their immense wealth, which came from pearling and other commercial activities like maritime trade, strengthened their political position further. The ruling family, whose material fortunes were smaller than those of the mercantile class, depended on them to financing the government. Thus, during the pre-oil era merchants enjoyed strong structural powers due to their ownership of capital and their being a major source of revenue for the cash-strapped government. Once Kuwait became a major oil exporter in the 1950s the country's political balance changed in favour of the government. Oil revenues freed the government from its historical dependence on merchants for revenue, therefore giving it more freedom to devise its own policies. However this thesis will argue that in response merchants used their instrumental powers to exert influence to compensate for their weakening structural powers, although with varying success across time.

The aim of this introductory chapter is to provide the overarching framework that will be used to put forward these central arguments. It will set the context and importance of the study,

define who the merchants are, present the main theoretical framework used and describe the resources and material employed. It will also act as a review of the relevant literature.

The first section of this chapter critically examines the central focus of most studies which look at the role of the state in Kuwaiti and Gulf politics. In particular this thesis looks at the appropriateness of using rentier state theory, a theory which stresses a state's autonomy in its analysis. In contrast to this framework, the thesis presents arguments that challenge such an unbridled conception of state autonomy, particularly in relation to other segments of society.

The second section introduces a framework for understanding 'the merchants' as one of the important segments of Kuwait's political scene. It will detail their characteristics in terms of primordial relations of sect, ethnicity and lineage, while also discussing the theoretical framework for understanding such a group, including the appropriateness of class analysis in the context of the heterogeneity of actions displayed within the merchant community.

The third section introduces the theoretical model that will be used to analyse the evolving role of the mercantile class in Kuwaiti politics. In particular it will introduce the concepts of instrumental and structural powers as the most suitable framework to understand merchants' political strategies within a diverse portfolio of 'political investments' used by the merchant class. The fourth section presents an overview of the resources and materials used and the fifth and final section outlines the structure of the rest of the thesis.

## **1.1 Setting the context: Going beyond the central role of the state in Kuwaiti Politics**

Political studies of the Gulf monarchies have almost exclusively made the state the centre of analysis in these societies. The dominant framework used since the 1970s has been that of the rentier state, based on the seminal works of Mahdavy, Luciani and Beblawi. In his discussion of the post-oil Iranian state, Mahdavy defines rentier states as those which depend mainly on external

sources of rent, the most important of which are revenues from oil exports. Such income is not related to the country's domestic production output.<sup>3</sup> This gives the state more independence to design its own political, economic and development policies, cementing the leading role of the state.

Mahdavy's work provided a major analytical breakthrough in the analysis of rent-dependent states and economies. One of the main insights was the increased autonomy and freedom the state acquired to implement its own policies. Following on from his work, Giacomo Luciani and Hazem Beblawi refined the arguments regarding the nature of the state in such societies. Beblawi contended that there are four crucial characteristics that need to be present to analyse a rentier economy:

- 1) Rent constitutes the largest sector of the economy.
- 2) There is heavy reliance on external sources of rent, which implies that economic wealth is not dependent on local factors of production but on external markets.
- 3) Only a small segment of the population is engaged in the actual production of rent, while most of society benefits from the redistribution and consumption of this rent. This implies that most of the contentious politics within a society would focus on the redistribution of the rent rather than on its production.
- 4) The oil revenue accrues directly to the state. Hence the state plays a mediating and dominant role between the external world from which rent is accrued, and the local society in which rent is redistributed.<sup>4</sup>

Since oil revenues accrue directly to the state, the state becomes the major driver of the local economy and society. This is achieved by redistributing oil wealth through various channels,

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<sup>3</sup> H. Mahdavy, 'The Patterns and Problems of Economic Development in Rentier States: The Case of Iran', in M.A. Cook (ed.), *Studies in the Economic History of the Middle East: From Rise of Islam to the Present day*, London, Oxford University Press, 1970, p.428.

<sup>4</sup> H. Beblawi, 'The Rentier State in the Arab World', in H. Beblawi and G. Luciani (eds.) *The Rentier State*, London, Croom Helm, 1987, p.51-52.

including vast welfare states which offer citizens free and subsidised services. Large bureaucracies spring up to channel more wealth directly to citizens by guaranteeing them secure jobs, despite high levels of overstaffing and inefficiency.<sup>5</sup> Other means of redistributing wealth include tailor-made laws which suit the mercantile and business classes, including the commercial agency system which requires foreign companies to do their businesses through local dealers or representatives.<sup>6</sup> Under these conditions, citizenship itself becomes an important financial asset for its holders, since it gives them exclusive and lucrative rights. These privileges include the ability to sponsor foreign labourers through a system which is locally known as the *kafāla* (sponsorship) system.<sup>7</sup>

Giacomo Luciani approached the rentier state from the angle of categorising the state's source of income, and whether it came from external or internal sources. He labelled rentier states as exoteric states which rely on foreign sources of income, whereas those states whose revenues come from domestic taxation and revenue were labelled as esoteric states. The main function of these exoteric states was to allocate their oil income rather than extracting income via taxation.<sup>8</sup> Luciani argued that such rentier states are spared from bargaining and consensual politics when designing its own developmental policies because there is no need for taxation. Oil would give these governments a free hand to implement their own policies without much social pressure or interference. Hence, states became extremely independent of local forces and segments of the local economy and society.<sup>9</sup>

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<sup>5</sup> Ibid., p.54.

<sup>6</sup> Ibid., p.56.

<sup>7</sup> Ibid., p.56,53.

<sup>8</sup> G. Luciani, 'Allocation vs. Production: A Theoretical Framework', in H. Beblawi and G. Luciani (eds.) *The Rentier State*, London, Croom Helm, 1987, p.69.

<sup>9</sup> Ibid., p. 74.

But how do these rentier states interact with the various segments and forces of local society? One of the most revealing concepts with which to analyse this interaction is based on the concept of corporatism, which has been emphasised in the works of Khaldun al-Naqib. Using their enormous oil wealth, the Gulf states found themselves in a position of power to “vertically segment” society. These vertical segmentations were based on ethnicity, sect, tribal affiliation and class stratifications that were akin to corporations, with the state being the ultimate arbitrator between the different groups and their competing claims.<sup>10</sup>

The role of merchants in the Gulf monarchies presents itself as one of the more obvious of these segments to analyse within the framework of the rentier state, given the influential role they used to play in pre-oil Gulf politics. The most celebrated work on the role of merchants within a rentier state framework is that of Jill Crystal<sup>11</sup> which focuses on the evolution of the relationship between the mercantile class and the ruling families in the pre- and post-oil eras in Kuwait and Qatar. In Kuwait, Crystal argues that pre-oil, the ruling family was highly dependent on merchants for finance and revenue. Besides serving as a bank to the government, merchants were also a major source of jobs for locals, employing many on their ships during the pearling season. Their control of the workforce and position as source of taxation revenues allowed them to carry out their threats if a dispute erupted with the government.<sup>12</sup> Furthermore, merchants were able to exert their influence through other informal and semi-informal mechanisms like intermarriage and marriages with the ruling family.<sup>13</sup>

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<sup>10</sup> K. al Naqib, *Society and state in the Gulf and Arab Peninsula*, London, Routledge, 1990, p. 105-109.

<sup>11</sup> J. Crystal, *Oil and Politics in the Gulf: Rulers and Merchants in Kuwait and Qatar*, Cambridge, Cambridge University Press, 1995.

<sup>12</sup> Ibid., p.11.

<sup>13</sup> Ibid., p.36.



When Kuwait began exporting oil this marked the end of one historical era and the beginning of a new period in which the balance of power would shift in favour of the state. The source of revenues, Crystal argues, could help to explain the changes in the power structure of Kuwaiti politics. In Kuwait's case, the country is highly dependent on an external source of revenue which flows directly to the government coffers. The outcome of this dependence would be completely different if the main source of revenue was extracted from the population through taxation. Oil revenues allowed the Kuwaiti government to skip this extractive process which would have involved state cooption or coercion.<sup>14</sup> Due to the Kuwaiti state's high financial surpluses, it was able to "buy off" the mercantile class instead of forcing it into the new political order.<sup>15</sup> Merchants' political activism during the pre-oil era could have also influenced the government's decision to buy them off due to their oppositional potential.<sup>16</sup> Indeed, during the oil era, the state was in a continuous search for new allies, and it did so in various ways which included expanding its welfare state and encouraging more segments of society to enter parliamentary politics.<sup>17</sup> Hence, the state became the main independent and strong actor, and the role of merchants was gradually weakened as they were "bought off".

### *Challenging the autonomy of the state*

A growing body of academic work has emerged since then to challenge the classic rentier state view on both the strength as well as the autonomy of the state, attempting to refine rentier state theory to take account of such nuances. These arguments will be crucial to understanding the

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<sup>14</sup> Ibid., p.197.

<sup>15</sup> Ibid., p.109.

<sup>16</sup> Ibid., p.57.

<sup>17</sup> Ibid., p.86,10-11.

evolving role of merchants in Kuwaiti politics, as the merchants will be shown to be one of the main groups challenging the autonomy of the state.

Taking his cue from the arguments of rentier state theory, Nazih Ayubi in his seminal work on the Arab state used Beblawi and Luciani's allocative state arguments to argue that the Gulf monarchies were actually weak states. According to Ayubi, it is necessary to distinguish between a "hard state" and a "strong state". The first relies heavily on coercion, whereas the second achieves its goals without necessarily having to resort to coercion. Relying on Migdal's concept of strong versus weak states, Ayubi contends that all Arab states are hard states, but they are also weak states. This is not necessarily a contradiction, as hard states were often weak states which lacked the capacity to enforce laws and push through changes without recourse to violence. Although oil wealth made Gulf states, as Luciani argued, allocatively strong, their extractive abilities were weak. This was further confounded by the fact that this allocative strength was based on a depleting and non-renewable resource.<sup>18</sup>

Kiren Chaudhry follows a similar theme in her book *Price of Wealth: Economies and Institutions*, focusing on the state formation process and economic development of Saudi Arabia and Yemen. Both cases could be classified as rentier economies due to their high dependence on external sources of revenue: oil in Saudi Arabia and foreign aid and labour remittances in Yemen.<sup>19</sup>

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<sup>18</sup> This is a summary of Ayubi's conclusion, N. Ayubi, *Overstating the Arab State: Politics and Society in the Middle East*, London, I.B. Tauris Publishers, 2009, p. 447-459.

<sup>19</sup> K.A. Chaudhry, *The Price of Wealth*, Ithaca, Cornell University Press, 1997. In her study she looked at three distinct historical periods in each country: 1) The era of international isolation in the period before the exportation of oil; 2) The rent boom years of the 1970s; and, 3) The recession during the 1980s dealt with above. During the years of international economic isolation, the Saudi government was able to build a unified national market through its monopoly of coercion. Using class analysis, Chaudhry notes that military and political unification preceded the formation of a central bureaucracy (p.96). Ruling elites were able to form alliances with other groups in society, especially with the Hijazi mercantile class once they were able to back up their promises of creating a national market (p.99). While in Yemen the failure of the weak Imam government to achieve monopoly over power allowed many overtaxed southerners to leave to Aden (p.102-103). Chaudhry noted that during the boom years rent incomes produced divergent institutional patterns. In Saudi Arabia, the government was able to build a vast welfare state without any major societal pressures since it was the sole recipient of oil revenues (p.23). Simultaneously, the Saudi extractive bureaucracy declined due to the reduced necessity of taxation (p.33). A new Najdi business class emerged with close ties with the government, challenging the more established Hijazi mercantile class (p.140).

State autonomy models would have predicted that, during the recession years of low oil prices in the 1980s, the Saudi government, given its revenue independence, should have been able to push through more austere measures. In fact, the opposite of this is what actually occurred. This, Chaudhry argues, deals a severe blow to the idea of state autonomy in rentier states.<sup>20</sup> Chaudhry writes that part of the success of the Saudi government's reforms depended on the cooperation of the private sector, which was the case for the financial reforms enacted.<sup>21</sup> In other instances, the government retreated from its previous decisions, which involved cuts to utility and farming subsidies and profit guarantees for utility providers because of objections from the business sector. In the same manner, the government withdrew its plans to reintroduce income taxes on public and private sector salaries in 1988 within three days.<sup>22</sup>

In Yemen, traditional state autonomy theories predict that such a weak state would not be able to push through reforms. In fact, the opposite happened. The Yemeni private sector was the main beneficiary of the external source of rent, while the government depended mainly on customs revenues which – in Chaudhry's view - made it more independent from social pressure.<sup>23</sup> During the recession in the 1980s, the Yemeni government was able to introduce some drastic measures including more restrictions on foreign exchange and heavy taxation. These were policies that the Saudi state was not able to pursue.<sup>24</sup>

In a similar vein, Steffen Hertog investigated the development of the Saudi Arabian bureaucracy in his book *Princes, Brokers and Bureaucrats*.<sup>25</sup> Hertog argues that a small clique of elite royals dominated the political scene and decisions were taken in a top-down manner. The

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<sup>20</sup> Ibid., p.285.

<sup>21</sup> Ibid., p.277-281.

<sup>22</sup> Ibid., p.274.

<sup>23</sup> Ibid., p.36.

<sup>24</sup> Ibid., pp.276-277, and pp.282-285 on the government's ability to introduce some tough measures which included (p. 283) banning all imports of goods and raw materials.

<sup>25</sup> S. Hertog, *Princes, Brokers and Bureaucrats: Oil and the State in Saudi Arabia*, Ithaca, Cornell University Press, 2010.

sudden windfall of oil revenues offered this elite many choices for institution building, and the outcome was the creation of a system with efficient and inefficient components. For the elite, one of the bureaucracy's functions was to co-opt and control society by providing jobs in return for political acquiescence through the creation of more overstaffed and inefficient ministries and agencies.<sup>26</sup> The economic recession which the kingdom witnessed during the 1980s posed a serious challenge to the government's ability to accommodate more social demands by expanding its administrative apparatus further.<sup>27</sup> Hertog argues that conventional rentier state theories could not explain this mixed outcome in Saudi Arabia.<sup>28 29</sup>

Rayed Krimly also challenged the concept of state power and autonomy using political economy arguments. In his thesis, Krimly argues that "if state autonomy fails to materialise when it is most expected to do so, then the utility of the state autonomy model in general can be legitimately questioned."<sup>30</sup> Krimly argues that Saudi Arabia was the perfect candidate for the state autonomy model; oil revenues would allow the government to operate independently from the society. Events on the ground, however, proved that this was not necessarily the case.<sup>31</sup> When it came to the state

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<sup>26</sup> Ibid., p.3.

<sup>27</sup> Ibid., p.18.

<sup>28</sup> Ibid., p.9.

<sup>29</sup> Relying on a historical institutional approach, Hertog emphasises the role of context and contingency and "path dependency" to say that early decisions taken during the initial phases of state development to settle some elitist conflicts had a major impact on the creation of the segmented state (p.16). In doing so, he stressed on studying the interaction macro, meso- and micro-levels of analysis in order to understand the shifts in the power of the Saudi state. The state was the main actor at the macro level due to the absence of any political parties or powers which allowed it to assume full control of the policy formulation process. Again, the state through its bureaucratic organisations dominated the meso-level due to the absence of any particularistic interest groups. What could explain the decline in the government's autonomy according to Hertog was the micro-level, which dealt with individuals, especially junior officials who were, at the end of the day, responsible for the implementation of major policies, despite the fact that Saudi society was never highly politicised (p.11). With the inclusion of the micro-level of analysis the rentier state claim of state autonomy was challenged. One of the major and unintended outcomes of the government's previous institutional building experiments was the difficulty in reversing its distributional commitments which were made during the boom years. This led to the creation of a civil service which was hard to discipline since many of its employees viewed their jobs as their own rights (p.18). This was exacerbated by the nature of centralised, top-down decision making process which led to a lack of horizontal communication among the various ministries and organisations (p.11).

<sup>30</sup> R.K. Krimly, *The Political Economy of Rentier State: A Case of Saudi Arabia in the Oil Era, 1950-1990*, PhD Thesis, George Washington University 1993, p. 8.

<sup>31</sup> Ibid., p. 11.

autonomy model, he noted that this ended up focusing on issues like power struggles between elites, changes in alliances and ties between leaders.<sup>32</sup> Furthermore, the model assumes that states are rational actors and, in his view, this approach fails to take into consideration the bargains and contradictions found in various social groups.<sup>33</sup> The state, in some cases, could occupy an unequal position of strength relative to some groups, and in this case Krimly noted the uselessness of having a state-society dichotomy. Instead more focus should be made on the interpenetration between state and society.<sup>34</sup> Particularly, Krimly focuses on how certain groups in society, particularly the business elite, were able to penetrate and “privatise” the state to their own benefit as a result of their relations with the ruling family and their positions within the government bureaucracy.<sup>35</sup> Krimly’s acknowledgement of other powers’ ability to penetrate the state helps to present a more refined assessment of the political performance of the mercantile class in the Gulf in contrast with the view that they were bought off by the government through contracts and largesse in return for their political acquiescence.<sup>36</sup>

This study takes its cue from the above works in challenging the autonomy of the state, but departs from them in one crucial respect. In all of the above studies, although there have been challenges to the idea of strength and autonomy of the state, revising throughout how the state

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<sup>32</sup> Ibid., p.51.

<sup>33</sup> Ibid., p. 52.

<sup>34</sup> Ibid., p.54.

<sup>35</sup> Ibid., p.372.

<sup>36</sup> Another important study that challenged state autonomy was Jacqueline Ismael in *Kuwait: Dependency and Class in a Rentier State*, Florida, University Press of Florida, 1993.

Focusing specifically on Kuwait, Jacqueline Ismael approached the autonomy of the rentier state from a different context, applying dependency theory to the case of Kuwait in an international context. Historically, Kuwait’s dependence path on the “core” areas of the world economy started when the ‘Utub merchants who were petty and pearl merchants decided to orient themselves more towards the British who were strengthening their presence in the region (p.45). Ismael contends that Kuwait’s colonial relations with Britain stood as an impediment to the development of its productive forces (p.56). The discovery of oil did not alter Kuwait’s dependence on the centre of the capitalist world much. Oil gave Kuwait a very specialised role in the global division of labour as a supplier of raw material to the capital world (p.57). Peripheral capitalists in Kuwait, who were dependent on the maintenance of the structural dependency, were against the introduction of any changes that might lead to the development of the indigenous productive capacities (p.101). Hence, rather than being an autonomous and strong state, the state was highly dependent on their place in the world division of labour. Indeed social classes in Kuwait could be explained within this framework of dependency, and how these dependent societies were able to reproduce dependent relations within the local social and economic structure.

works, the focus of the narration always remains the state. Other social actors feature and indeed quite often complement the narration, but rarely are they the centre of the analysis. This thesis refocuses the narration away from the state to another central group in Kuwaiti politics, that of the merchants. Particularly, the study focuses on merchants actively involved in the arena of Kuwaiti politics. Hence, the main focus of attention is no longer the state, although the state will feature heavily in the analysis. Instead, the thesis uses the story of politically-active merchants in Kuwait as a lens to understand their evolution in Kuwait post-oil history.

## **1.2 Understanding merchants in Gulf politics**

In such an endeavour it is essential to understand who ‘the merchants’ in Kuwait are and to explore how they can be understood. Are they to be seen as a class in the Marxist sense, or more as a group of notables based on familial and genealogical ties with a certain position in society? Or should they basically be seen as a disparate group of financially influential individuals?

It is useful to begin the discussion by looking at previous studies of merchants in the Gulf and the wider Arab world. Given its geographic location, trade has always been an important activity in the Gulf and the Arabian Peninsula. As Fattah shows, by the eighteenth century a complex commercial network was active in the region, with petty traders using their simple means of transportation of horses and donkeys working alongside established mercantile houses.<sup>37</sup> These complex commercial networks interacted with political and religious (particularly the spread of the Wahhabi movement) forces in a "frontier-making process" in Iraq and the Gulf.<sup>38</sup> By the end of the eighteenth century, two features dominated the regional economy: the existence of free ports, and

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<sup>37</sup> H. Fattah, *The Politics of Regional Trade in Iraq, Arabia, and the Gulf 1745-1900*, Albany, University of New York Press, 1997, p.8.

<sup>38</sup> Ibid., p.46-52.

the control of main trade routes by the major powers of the Al Saud family and the Ottomans.<sup>39</sup> Among the effects of the new political order was the creation of free trade towns during the nineteenth century in Kuwait and Ottoman Iraq which offered safe havens to the more established cities which were under the heavy control of the Ottoman authorities.<sup>40</sup> This complex market functioned rather autonomously and was able to resist changes, until British commercial encroachment gained the upper hand at the end of the nineteenth century.<sup>41</sup>

By the nineteenth century the influence of British colonialism in trade was dominant, and this reflected on the activities of merchants. In his book *The Arabian Frontier of the British Raj: Merchants, Rulers and the British in the Nineteenth Century Gulf*, James Onley studied the Bahraini merchants' involvement in the British Native Agency system in Bahrain, which lasted until the end of the nineteenth century. Onley particularly focuses on Ronald Robinson's concept of collaboration under colonialism to explain the mercantile involvement in the Native Agency system.<sup>42</sup> Native agents belonged to some of the wealthiest and most prominent families in the region, with a commercial network that covered most of the region and included Yemen and Bombay.<sup>43</sup> The system of native agency was beneficial for both the British and the merchants. For the former it was much cheaper to hire local recruits rather than graded political officers,<sup>44</sup> and for the latter it offered them prestige and official colonial protection.<sup>45</sup> Hence, merchants were primarily defined through their association with colonialism.

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<sup>39</sup> Ibid., p.59.

<sup>40</sup> Ibid., p.185.

<sup>41</sup> Ibid., p.156-157.

<sup>42</sup> J. Onley, *The Arabian Frontier of the British Raj: Merchants, Rulers and the British in the Nineteenth Century Gulf*, Oxford, Oxford University Press, 2007, p.71-73.

<sup>43</sup> Ibid., pp.95-96. See p.144 for a list of native agents from the Al Safar family and see p.151 a list of native agents who belonged to the Al Sharif family.

<sup>44</sup> Ibid., p. 94.

<sup>45</sup> Ibid., p. 102.

Staying in Bahrain, Nelida Fuccaro uses the concept of political spaces to study the urban history of the Bahraini capital Manama,<sup>46</sup> unpacking the changing dynamics within the city and acknowledging the pivotal position of the merchants in the construction of a modern administrative apparatus there. Fuccaro offers a detailed sketch on Manama's cosmopolitan mercantile class. Unlike Kuwait (as shall be seen), Manama's merchants were a heterogeneous group when analysed from a primordial affiliations' perspective, where divisions could be made on social, religious and ethnic lines, spanning regions as diverse as Najd, Persia and Iran and including both Shi'i and Sunni merchants.<sup>47</sup> Along a similar line to Kuwait, however, Bahraini merchants exerted their influence through their involvement in local state structures, particularly through their membership of the municipal council which was created in 1919. According to Fuccaro, the council was a clear embodiment of the strong alliance between the merchants and the local administration, created and shaped by the interaction between the British presence on the island and the local ruling Al Khalifa family.<sup>48</sup>

Similar conclusions can be reached regarding the important role that merchants played in the other Gulf port cities. Fatima al-Sayegh highlighted the important role played by Dubai's cosmopolitan merchants in the pre- and the post-oil eras. As was the case with both Bahrain and Kuwait, Dubai's merchants found a way to voice their demands to the ruler through the creation of councils, in this case the consultative council was created in 1938.<sup>49</sup> Al-Sayegh notes that even after the discovery of oil, the government sought to incorporate the merchants into its development plans

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<sup>46</sup> N. Fuccaro, *Histories of City and State in the Persian Gulf: Manama Since 1800*, Cambridge, Cambridge University Press, 2009, p.7.

<sup>47</sup> Ibid., p.65-70.

<sup>48</sup> Ibid., p124,133.

<sup>49</sup> F. al-Sayegh, 'Merchants' Role in a Changing Society: The Case of Dubai', *Middle Eastern Studies*, Vol.34, No.1, Jan.1998, pp. 95-96.



by seeking their advice through membership in various governmental bodies, and allowing them to provide some utilities and public services like electricity and telephone services.<sup>50</sup>

Turning to Saudi Arabia, Mishary al-Nua'im focused on the role played by merchants in the early stages of creating the modern day Kingdom of Saudi Arabia. Basing his theoretical framework on the Marxist notion of modes of production, he argues that the formation of modern day Saudi Arabia can be understood as an interaction of two pre-capitalist modes of production: the Tributary Mode of Production, based on trade by urban merchants, and the Pastoral Mode of Production, based on raids and spheres of influence by bedouin groups.<sup>51</sup> For al-Nua'im, the formation of modern day Saudi Arabia marked the end of the conflict between the two non-capitalist modes of production.<sup>52</sup> The nomads, through their lifestyle of raids on Saudi Arabia's major commercial routes, posed a serious challenge to the development of the urban tributary mode of production.<sup>53</sup> For the urban classes, especially merchants, Wahhabism was an attractive doctrine on which they based their drive for the unification of the kingdom because this way of thinking considered the nomadic life to go against the teachings of Islam.<sup>54</sup> He noted the important role that was played by merchants in the three main regions (central, eastern and the Hijaz) during the initial phases of the formation of modern day Saudi Arabia. Merchants were an important source of funds for the young state, which was in a desperate need of finance to cover its military expenditure.<sup>55</sup> Merchants also played an important political role by serving as links to other international powers as was the case

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<sup>50</sup> Ibid., p.98-99.

<sup>51</sup> M. al-Nua'im, *State Building in a Non-Capitalist Social Formation: The Dialectics of Two Modes of Production and the Role of the Merchant Class, Saudi Arabia*, PhD Thesis. University of California, Los Angeles, 1987. Chapter Three focuses on both the Saudi Arabian pastoral and urban economies.

<sup>52</sup> Ibid., p.347.

<sup>53</sup> Ibid., p. 188-191.

<sup>54</sup> Ibid., p.218-220.

<sup>55</sup> Ibid., al-Nua'im cites the example of 'Abd al-'Aziz ibn Hasan's assistance (p.292). See p.295-299 for Qasim merchants assistance to the government, and see pp.315-317 on some loans from Jeddah's merchants to the government.

with the al-Qusaibi establishment at Bahrain which was in close contact with the British authorities there.<sup>56</sup>

Taking a different approach, Muhammad Elgari reached a similar conclusion using a Marxist class approach in his study of the role played by the mercantile class of the Hijaz during the first decades after the unification of the Kingdom of Saudi Arabia. Merchants in the Hijazi society played a prominent role in local politics and economics and they were one of the main source of recruitment for public appointments during the initial phases of state building because of the rarity of skilled talent in other regions.<sup>57</sup> Elgari argued that once the Hijaz was incorporated in the new kingdom, Hijazi bureaucrats aimed to superimpose their government on the whole country.<sup>58</sup> The policies put forward by the government at that time matched the commercial interests of the Hijazi mercantile class at the expense of the development of a local industrial sector.<sup>59 60</sup>

### 1.3 Defining the Kuwaiti mercantile class

Thus, merchants are found to have played an important role in the formative phases of the modern Gulf states, and the case is no different in Kuwait. But how should one view ‘merchants’ in

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<sup>56</sup> Ibid., p.247,249-251.

<sup>57</sup> M. El Gari, *The Pattern of Economic Development in Saudi Arabia as a Product of its Social Structure*, PhD Thesis, University of California Riverside, 1983, p.102.

<sup>58</sup> Ibid., p.106.

<sup>59</sup> Ibid., p.107-108.

<sup>60</sup> El Gari's theoretical approach was based on studying the internal class structures during the development process (p. 4). This view matches arguments put forward by classical economists who acknowledged the important link between income distribution and rate of capital accumulation (p.5). Along similar lines to the arguments proposed by Victor D. Lippit on the negative role played by the gentry class in the underdevelopment of China, El Gari argued that this was the case too in Saudi Arabia (p.11-12) El Gari also joined other academics in defining the Hijazi mercantile class in Marxist terms, although he criticised the approach for failing to provide a precise definition for the meaning of class. He noted that it is possible to reach a definition of classes which were “a social group with common economic interest, the category of groups where members share economic conditions that are incidental in a certain respect.” (p.53). Despite his criticisms of the Marxist approach, El Gari concluded that “the methodology however, provides a good means of interpreting history and society and the dynamics of change even in a Eastern and Islamic society” (p.54). El Gari also argued that Peter Gran's model which proposed the existence of a ‘lati fundist’ agricultural class which was emerged in response to the price revolution in Europe not be not be applied in Hijaz (p.57). Historically the economy of the Hijaz region was completely different from other regions in the Kingdom on its dependence primarily on trade with minimal links to local modes of production (p.70).

Kuwait? It is best to begin with a detailed description of who could be considered to be a merchant. In terms of history, most of the major historical and academic accounts do agree on the merchants' 'aṣīl (of pure lineage/original) lineage as Gavrielides labelled it, which placed them at the apex of the Kuwaiti societal hierarchy along the ruling Al Sabah family.<sup>61</sup> The leading mercantile families originally hailed from the pioneering families which migrated to Kuwait, locally known as the 'utūb families. Some families like the Al Ghanim, for example, were among the first settlers in Kuwait alongside the Al Sabah family.<sup>62</sup> Adding to the exclusivity of this group is the fact that some mercantile families are descendants of the prominent 'Aniza tribe, which is the tribe that the ruling family also came from. Sayf Marzuq al-Shamlan, a Kuwaiti historian and a member of a mercantile family too, listed some of the families which could trace their lineage back to that tribe. They included: Al Nurf, Al Khalid, Al Badr, Al Sayf (al-Shamlan's family) and Ghanim bin Jabr.<sup>63</sup> Another important feature of this closely knit social class was the fact that they belonged to the Sunni sect, which led further to their distinctness from some other social groups, especially from the Shi'a.

These families were able to maintain purity of lineage and unity through the observance of strict marriage rules which also enabled them to strengthen their relations with the ruling family.<sup>64</sup> For example, the wives of both the ruler Shaykh Muhammad bin Sabah and his brother Shaykh Jarrah were Shaykh Yusuf al-Ibrahim's cousins. Al-Ibrahim himself was a descendent of the prominent Bani Tamim tribe, which the rulers of modern day Qatar - the Al Thani family - come from too.<sup>65</sup> Another example of these intermarriages was that of the ruler Shaykh Ahmad al-Jabir to

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<sup>61</sup> N. Gavrielides, 'Tribal Democracy: The Anatomy of Parliamentary Elections in Kuwait', in Linda Layne (ed.), *Elections in the Middle East: Implications of Recent Trends*, Boulder: Westview Press, 1987, p.156.

<sup>62</sup> S.M. al-Shamlan, *Min Tārīkh al-Kūwaīt* (From the History of Kuwait), Kuwait, That al-Salasil, 1986, p.109.

<sup>63</sup> Ibid., p.115.

<sup>64</sup> Gavrielides, p.156.

<sup>65</sup> A. Rush, *Al Sabah: History and Genealogy of Kuwait's Ruling Family 1752-1987*, London, Ithaca Press, 1987, p. 246.

the daughter of Ibrahim Muhammad al-Jabr al-Ghanim. Shaykh ‘Abd Allah al-Jabir, the former minister for education and for commerce and industry, also married from the al-Ghanim family.<sup>66</sup>

Historical accounts of mercantile wealth and ownership of means of production are plentiful and detailed, including files in the British archives and travellers’ accounts. In terms of their commercial activities, merchants were involved in various sectors, particularly in the pearling industry and in long distance trade.<sup>67</sup> Among the wealthiest and most notable pearl merchants was Hilal bin Fajhan al-Mutairi, Ibrahim bin Mudhaf, and Shamlan bin ‘Ali bin Sayf, alongside the Al Ibrahim family.<sup>68</sup>

The merchants’ trade network was extensive and spanned a considerable area. In long distance trade, the Al Ibrahim were the pioneers and set up their own offices in Bombay, where Muhammad al-Shaya, another prominent merchant, also set up shop.<sup>69</sup> ‘Abd al-Rahman Salim al-‘Abd al-Razzaq went further and created his own establishment in Singapore.<sup>70</sup> Indeed, the reach of merchants extended to many countries. Yusuf al-Marzuq’s family had offices in Karachi as well as a network of ship captains, locally known as *nūkhidha* (a pearling ship captain) to help him transfer his goods. Some of his goods were in the nearby port of Dubai due to the low fees charged by the authorities there.<sup>71</sup>

Besides pearling and long distance trade, other merchants, like Mash’aan al-Khudair al-Khalid and ‘Abd al-‘Aziz al-Saqr, owned large date groves in Iraq, an important source of revenue back then. Kuwaitis owned 73,984,550 square meters of date groves in Basra alone, which equalled

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<sup>66</sup> Ibid., p.245.

<sup>67</sup> A.B. Kemball, ‘Memoranda on the Resources, Localities, and Relations of the Tribes Inhabiting the Arabian Shores of the Persian Gulf’, in R.H Thomas (ed.), *Arabian Gulf Intelligence: Concerning Arabia, Bahrain, Kuwait, Muscat and Oman, Qatar, United Arab Emirates and the islands of the Gulf*, Cambridge, Oleander, 1985, p.109.

<sup>68</sup> Y.‘I al-Qina‘i, *Safahāt Min Tārīkh al-Kūwaīt* (Pages from Kuwait’s History), Cairo, Dar Sa‘ad Misr, 1946, p.67.

<sup>69</sup> Political Agency, Kuwait, to, Colonel Hay Bahrain, No. 544, 30 May 1942, India Office Records thereafter IOR R/15/5/179, p.193.

<sup>70</sup> Ibid., p.190.

<sup>71</sup> E. Segal, ‘Merchants’ Networks in Kuwait: The Story of Yusuf al-Marzuk,’ *Middle Eastern Studies*, 45:5, p.712 - 714.

16% of the total area of these groves.<sup>72 73</sup> The size of the Al Ibrahim's groves, for example, was 27.8 million m<sup>2</sup> and Al Saqr's groves were 11.7 million m<sup>2</sup>.<sup>74</sup>

Thus, the traditional merchants in Kuwait had two defining traits: 1) An *'aṣīl* (of pure lineage/original) lineage; and, 2) Prominence in trade, pearling, and palm grove ownership. Having given a descriptive overview of the merchants, how is one to understand them conceptually? Overall, there have been relatively few attempts to conceptually define the Kuwaiti mercantile class, with most assuming the mercantile class to be a cohesive social group. Definitions put forward by some leading academics in this field (e.g. Ismael, Crystal, al-Naqib) were similar due to their utilisation of Marxist notions of class formation, which link the process of class formation with the ownership of means of production. The mercantile class was in full control of the pearling industry and long distance trade.<sup>75 76</sup> The structure of both industries, which was based on debt, allowed a small clique of merchants to amass vast fortunes. Furthermore, it enabled them to control a considerable portion of Kuwait's labour force which was employed on pearling ships and dependent on mercantile finance to sustain their families when they were away on pearling

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<sup>72</sup> Y.M. al-Nusf, *Nakhlatak* (Your Palm Tree), Kuwait, the author, 2010, p.36. The author obtained his information on the ownership of date groves from Jasim al-Saqr a prominent mercantile figure, and a former parliamentarian whose family owned huge tracts of date farm.

<sup>73</sup> Ibid., p.9.

<sup>74</sup> Ibid., p.37.

<sup>75</sup> Crystal, p.37 and Ismael p.61-64.

<sup>76</sup> K. al-Naqib, *Changing Patterns of Social Stratification in the Middle East: Kuwait (1950-1970)*, PhD Thesis, The University of Texas at Austin, 1976. Al-Naqib's schema for stratification had three mechanisms alongside the ownership of means of trade which included: 1) distinctions in manual and non-manual labour, 2) kinship relations, and 3) traditional skills. The other three mechanisms according to him strengthened the ownership of the means of trade (p. 132). In his analysis al-Naqib introduced a new social group that received minimal attention in some of the academic works in Kuwait: which were the group of 'notables'. According to him these came after the mercantile class, and they included the religious clergy (the 'ulama'), ship captains, and office clerks (p.132).

voyages.<sup>77</sup> Based on this, the Kuwaiti mercantile class has been seen as a closely knit cohesive collective body.<sup>78 79</sup>

This thesis incorporates the historical details of these previous studies, but seeks to refine further the current definition of the Kuwaiti mercantile class based on works carried out elsewhere in the Arab world. Particularly illuminating are the works of Hanna Batatu<sup>80</sup> and Phillip Khoury on Iraq and Syria.

When it comes to defining classes, Hanna Batatu challenged arguments about the complete suitability of class to Arab societies. Batatu argued that classes are not expected to act as cohesive units during their existence, although members of a class would develop similar interests and perspectives due to their similar economic conditions.<sup>81</sup> Batatu's acknowledgement of the existence of differences among members of a certain class sets his definition apart from those that are currently used to analyse Kuwaiti merchants, and would help offer a more accurate assessment of them.<sup>82</sup> In leading academic works it has been argued that Kuwait's mercantile class was a self-conscious cohesive group, which ruled out the existence of any differences among its members.<sup>83</sup>

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<sup>77</sup>Crystal, p.37.

<sup>78</sup> Ibid., p.7.

<sup>79</sup> It is notable, however, that Crystal does not provide the basis on which she defines merchants conceptually. Instead, what is offered is a descriptive account of them, covering various topics from their ownership of the means of production with some brief information on the social background of these families. She also included short biographical information on some of the more notable mercantile families such the Al Hamad (p.38), the Al Ghanim (p.77) and the Al Humaidhi (p.109).

<sup>80</sup> H Batatu, 'Class Analysis and Iraqi Society', *Arab Studies Quarterly*, Vol.1, No.3, p.229. Batatu offered a definition of class which was based on classic sociologist arguments. Classes were the creations of economic factors, but they represented a group's social position. Their existence entailed the presence of inequalities as well as the presence of other classes in the society. When it came to inequalities, Batatu agreed with Marx, Weber and Madison that these centred mainly around the lack of property, although he mentioned that the acceptance of their views about inequalities does not necessarily mean a total acceptance of their ideas unless they were applicable to the case that was studied (p. 231-232).

<sup>81</sup> Ibid., p.234.

<sup>82</sup> Ibid., p.233.

<sup>83</sup> Rivka Azoulay, in her contribution to the Hertog and Luciani and Valeri edited version, called for the revision of the arguments on the unity of the Kuwaiti mercantile class, see: R. Azoulay, 'The politics of Shi'i merchants in Kuwait', in S. Hertog, G. Luciani and M. Valeri (eds.), *Business Politics in the Middle East*, London, Hurst & Company, 2013, p.74.

However, the findings of this thesis will argue that this was not the case, and differences in some cases can be found also at a personal level.

Batatu's definition of class was utilised by Philip Khoury in a study of the notable class in Ottoman Syria, and the role played by its members in spreading Arab nationalism.<sup>84</sup> One of Khoury's findings - which also matches Batatu's definition of class - was the existence of divergent point of views on political issues among members of the Damascene notable class, such as the example of the al-'Azm family.<sup>85</sup> This thesis will adopt a similar line to Khoury's work in defining the Kuwaiti mercantile class, viewing them as an economic class which, although sharing common economic interests, formed a group of notables that frequently exhibited differing political actions.

It is important to shed light on these differences which existed historically in order to avoid interpreting any present political differences or conflicts as isolated incidents. It could be tempting to view these differences as exceptions. However, the regular reoccurrence of historical precedents should provide some food for thought. Indeed, what might come across as exceptions are in fact noteworthy to mention. This is especially the case when dealing with small closely-knit social groups like the mercantile class and when looking at a highly personalised, informal political system as exists in Kuwait.<sup>86</sup>

Thus using this framework of notables with similar economic interests but which exhibited divergent point of view on political issues, this thesis will focus on what Garivaldes labelled as the '*aṣīl*' (of pure lineage/original) mercantile class in Kuwait. Specifically, what is meant by the mercantile class in this thesis is those groups of '*aṣīl*' families that were directly involved in the

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<sup>84</sup>P. Khoury, *Urban Notables and Arab Nationalism: The Politics of Damascus 1860-1920*, Cambridge, Cambridge University Press, 1983, p.3-4.

<sup>85</sup> Ibid., p.69-70. The author pointed to the existence of ideological differences among members of Damascus notable families, and see p.73 for information on intra-familial competition for administrative posts.

<sup>86</sup> An example in the post-liberation era is the mercantile conflicts on economical interests, like the verbal fights between the Al Saqr and the Al Kharafi over the latter acquisition of the 'Al Mal' company which was owned by the former, or on political matters like Salih al-Mulla's boycott of the recent parliamentary elections due to his dissatisfaction with the amendment of the electoral law.

main historical attempts to demand political reform in the pre-oil era, namely: a) the migration of the three leading pearling merchants in 1910; b) the 1921 council; and, c) the 1938 council and subsequent events. The purpose of focusing solely on the performance of this group is to see how their standing evolved in Kuwaiti politics during these events and afterwards, particularly during the oil era.

In a similar vein, it is just as important to outline what is not included in this definition of ‘merchants’ and what this thesis will not focus on. The actions of other commercial groups that are not part of the Sunni ‘*aṣṭl*’ (original/founding) group and did not actively participate in demanding more political reform during the pre-oil era, such as the Shi‘i merchants, do not form the focus of this thesis, although their actions will be alluded to. Similarly, it will not focus on those who were enriched during the oil era, the so-called “nouveau riche”, although again they will be referred to in some parts of the thesis.<sup>87</sup>

#### **1.4 Structural vs. instrumental power: A framework for analysis**

Although this thesis is primarily a historical account of the role of merchants in Kuwaiti politics, the theoretical framework that will be used for this analysis is of paramount importance. In particular, the framework mainly relies on ideas inspired from political economy concepts used to analyse the political power of businesses. Of crucial importance are the ideas of structural and instrumental powers, which are discussed below.

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<sup>87</sup> Like ‘Abd al-‘Aziz Fahd al Masa‘id, a former parliamentarian and the proprietor of newspaper *al-Ra‘i al-‘Aam*.



### *Structural power:*

Structural power is defined as the dependence of governments in capitalistic societies on investment decisions made by capitalists. This dependence is due to the fact that these private decisions have long-lasting effects on economic growth, since they determine the levels of government revenues, employment and production.<sup>88</sup> Fred Block was among the pioneers in this field, arguing that governments, regardless of their political affiliations, are highly dependent on the capitalist class.<sup>89</sup> His theoretical framework focused on the interaction between those who accumulated the capital, and those who managed the state, or "state managers".<sup>90</sup> Capitalists' investment decisions are made by assessing economic and political conditions, and the sum of all of these decisions can be labelled as "business confidence", which is important for any government to ensure. Here, business confidence is different from class consciousness in the Marxist sense, in that the former is based on pure, narrow self-interest and does not necessarily signify a "class for itself".<sup>91</sup>

Governments are highly dependent on capitalists for the maintenance of good levels of economic growth. The private sector in a capitalist economy is the main driving force behind economic growth, a phenomenon which would in turn reflect positively on the government's main source of revenue: tax receipts. Investors, if they were dissatisfied with their government, could punish it by reducing their rate of investment, which would inflict more damage to the economy. Wide public dissatisfaction with poor economic performance would eventually lead to the dismissal of the incumbent government.<sup>92</sup>

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<sup>88</sup>A. Przeworski and M. Wallerstein, 'Structural Dependence of the State on Capital', *The American Political Science Review*, Vol. 82, No. 1 (March 1988), p.12.

<sup>89</sup> F. Block, 'The Ruling Class Does Not Rule', *Socialist Revolution*, 33, May-June 1977, p.15.

<sup>90</sup> Ibid. p.10.

<sup>91</sup> Ibid., p.16.

<sup>92</sup> Ibid., p.15.

In similar vein, Charles Lindblom argued that markets were similar to prisons due to the inability of governments to escape from their dependence.<sup>93</sup> What differentiates markets from other social institutions is the existence of what Lindblom saw as an “automatic punishment recoil”. Businesses can punish their governments for introducing anti-market reforms by reducing their levels of investment.<sup>94</sup> Governments in turn acknowledge the importance of attending to business interests if they want to sustain good rates of economic growth, or else they might be punished too through general elections.<sup>95</sup>

This thesis uses the concept of structural power to trace the evolution of merchant power during the pre-oil and post-oil eras. Most importantly, this thesis argues that while merchants’ structural power was prominent before the commercial export of oil, it declined after oil revenues began to fill the government coffers. After this, the emphasis shifted more towards the instrumental powers that merchants could exercise. Simply put, this thesis will argue the following about structural power: During pre-oil periods, merchants held significant structural power due to being the main source of the government’s tax income, as well as the main source of employment for the local workforce. After oil was discovered, merchants were no longer the main source of government revenue, nor of local employment. This role was taken over by the government which was the main recipient of oil revenues and the main employer of locals in the public sector. Although merchants still had considerable influence within the private sector, they paid minimal taxes to the government, and the vast majority of their employment was of expatriates. This was of less political

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<sup>93</sup> C. Lindblom, ‘The market as prison’, *The Journal of Politics*, Vol. 44, No. 2, May 1982, p.324.

<sup>94</sup> Ibid., p.325.

<sup>95</sup> Ibid., p.329.

importance for the government when because the vast majority of citizens were employed in the public sector.<sup>96</sup>

Most studies examining the role of structural power focus on capitalist societies which have democracy as their form of government and therefore the ability to use elections to punish incumbent governments plays a prominent role.<sup>97</sup> Indeed, as Jeffrey A Winters notes in his work on Indonesia,<sup>98</sup> structural power theories focused only on procedural democracies and did not pay much attention to other political settings in which countries were not highly democratic. This neglected the fact that political dangers which are associated with investment decisions also exist in non-democratic settings. Authoritarian regimes also need good levels of investment to sustain themselves. These regimes, no matter how autocratic they were, are still subject to economic pressures if they decided to completely ignore the demands of their capitalist class.<sup>99</sup>

The question of non-democratic regimes is crucial to the study of Kuwait and the GCC countries, where democratic forms of government with an elected executive branch do not exist, but where, instead, the executive branch and governmental bureaucratic structure is dominated by what Michael Herb has called “dynastic monarchies”.<sup>100</sup> Indeed, very few studies are yet to utilise the

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<sup>96</sup> A similar argument without explicitly mentioning “structural power” is presented in: M. Herb, ‘A Nation of Bureaucrats: Political Participation and Economic Diversification in Kuwait and the United Arab Emirates’, in *International Journal of Middle East Studies*, Vol.41, 2009, p.382.

and Steffen Hertog’s article on the private sector in the GCC: S. Hertog, ‘State and Private Sector in the GCC after the Arab Uprising’, *Journal of Arabian Studies*, 3.2, December 2013, p.189.

<sup>97</sup> See, for example: D.P. Quinn and R.Y. Shapiro, ‘Business Political Power: The Case of Taxation.’, *American Political Science Review*, Volume 85, No.3, (September 1991), p.851-874 and D. Jacobs ‘Corporate Taxation and Corporate Economic Power’, *American Journal of Sociology*, Volume 93, pp.852-881; and, John T Williams and Brian K Collins, ‘The Political economy of Corporate Taxation’, *American Journal of Political Science*, Vol. 41, No. 1 (Jan. 1997), pp.208-244; and, M.A. Smith, ‘Public Opinion, Elections, and Representation within a Market Economy: Does the Structural Power of Business Undermine Popular Sovereignty?’, *American Journal of Political Science*, Vol. 43, No. 3, (July 1999), p.842-863.

<sup>98</sup> J.A. Winters, *Power in Motion*, Ithaca, Cornell University Press, 1996.

<sup>99</sup> *Ibid.*, p.15-16.

<sup>100</sup> M. Herb, *All in The Family: Absolutism, Revolution, and Democracy in the Middle Eastern Monarchies*, New York, State University of New York Press, 1999, p.8, (for the definition of dynastic monarchies). On p.75 Herb claims that the first dynastic monarchy in the Gulf was created in Kuwait after the amir decided to dissolve the 1938 council and allowed more members of his family to participate in the public administration of Kuwait.

concept of structural and instrumental powers in relation to the merchant communities of Kuwait and the GCC more generally, making the subject of this thesis an innovative yet challenging task.

Another important modification to note is that most studies employing the structural power framework have focused only on events occurring within the internal borders of a country. This minimal attention to events beyond borders could be due to the focus on democracies with - until recent decades - domestic investment classes which were highly mobile within their national boundaries only.<sup>101</sup> This focus on national boundaries gave capital holders a limited range of responses to dissatisfaction with their national governments. The main course of action was usually to reduce their investment levels. Winters argued that the discussion of multiple jurisdictions would also shed light on another important way in which investors could punish their governments: by relocating their capital. This, in turn, requires some focus on capital mobility.<sup>102</sup> The nature of the asset itself, whether it is a liquid or fixed asset could determine its mobility.<sup>103</sup>

Furthermore, the effects of structural power are not uniform. There are factors that mediate the strength of this power, and these can be group into two categories: 1) Those that make countries less prone to structural power threats; and, 2) factors that make officials less likely to respond to these threats.<sup>104</sup> When it comes to the first category, governments might feel more secure from investor threats if it owned alternative sources of investments, such as oil revenues. Governments in some cases might also be less motivated to attend to the demands of mobile capital if other countries offered similar or fewer investment incentives. Governments too might be insulated from investor threats if the size of mobile capital was small, or if investments were not concentrated in sectors which create significant employment opportunities.<sup>105</sup>

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<sup>101</sup> Winters, p.16.

<sup>102</sup> Ibid., p.17.

<sup>103</sup> Ibid., p.23.

<sup>104</sup> Ibid., p.35-36.

<sup>105</sup> Ibid., p.36-38.

This theme is also taken up by Strom C Thacker in his study of Mexico.<sup>106</sup> Thacker argued that in the Mexican case, businesses used both ‘Exit’ and ‘Voice’ policies during the debt crisis. When choosing the ‘Exit’ option businesses would simply leave the local economy, while the ‘Voice’ option entails engaging in the political process. Thus, if businesses enjoyed strong structural powers, this might in turn strengthen further their ‘Voice’ option whenever they decided to participate in the policymaking process. Their participation in devising economic recovery policies would allow them to extend their influence when their structural powers were weakened.<sup>107</sup> Investors might also be more vocal when they lose their trust in the national government.<sup>108</sup>

These issues are extremely pertinent to the case of Kuwait and will prove illuminating within this study. As mentioned previously, the Kuwaiti government was economically dependent on the mercantile class during the pre-oil era for both its revenues and as a source of providing livelihood for the local workforce, especially those who worked in the pearling sector. The importance of integrating factor mobility and the ability of investors to punish their governments by relocating their investments in structural power arguments is evident in the Kuwaiti case, particularly in the celebrated case of the migration of the three leading pearl merchants in 1910. The fact that they were able to swiftly move out with their boats and men overnight to neighbouring places shows their high factor mobility. Their migration was ended when the ruler Shaykh Mubarak stepped in himself and convinced the last remaining merchant to return to Kuwait, a sign of their strong structural powers.

The importance of the struggle for political power in a non-democratic setting will also feature prominently. During the pre-oil era, rulers ruled in consultation with notables, and in some cases they appointed consultative councils, a feature which will be expounded on in Chapter Three

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<sup>106</sup> S.C. Thacker, *Big Business, the State and Free Trade: Constructing Coalitions in Mexico*, Cambridge, Cambridge University Press, 2000.

<sup>107</sup> *Ibid.*, p.35-36.

<sup>108</sup> *Ibid.*, p. 36.

during the era of Shaykh Ahmad al-Jabir. This pattern of rule was interrupted twice during his era. In both times the merchants became more vocal and demanded more political reform.

The historical trajectory of merchants will also demonstrate the use of both ‘Voice’ and ‘Exit’ strategies. Both strategies were used during the 1930s, which was a tough economic period for Kuwait because of the collapse of the pearling industry and the prolonged Saudi blockade. During that period, the Kuwaiti mercantile class’s structural power started to weaken due to these adverse economic conditions, but they still remained the main source of revenue for their cash-strapped government. An alternative to exiting was to practise the ‘Voice’ option rather than threatening to leave the country altogether. The ability to use the ‘Voice’ option was supported by their structural powers which were manifested in their wealth. The ‘Exit’ option and its catastrophic consequences for the government could have boosted the strength of the ‘Voice’ strategy and explain the government’s decision to attend to their demands.

### *The shift to instrumental power*

The advent of oil signified a structural break that provided the government with alternative sources of income. Thus, Kuwait’s entrance to the club of major oil exporters meant an end to the merchants’ structural power. Oil revenues provided the government with an abundant and long-lasting source of revenue which ended its historical reliance on the mercantile class for public income and employment; these had both been the basis of the latter’s structural power. This did not mean, however, the end of the merchants’ influence, and power, and this is a key argument of this thesis. Instead, merchants had to adjust their strategies, relying mainly on other types of power that can be placed under a second broad power classification: instrumental power.

Instrumental power can be defined as political actions organised by the business community to influence policy. Sources of instrumental power can be relationships with decision makers which

can serve business interests (such as recruitment into the civil service), or the utilisation of resources that would allow businesses to look after their interests, such as business cohesion (e.g. in the form of chambers of commerce) or media outlets.<sup>109</sup> The relationship between both sides - business and the government - can be strengthened through common board memberships, intermarriages and shared common views.<sup>110</sup> Other modes of influence include business associations which lobby the government and participate in the policy implementation process.<sup>111</sup> These could include research centres, think tanks, schools and social clubs.<sup>112</sup>

Instrumental powers can be utilised during the various phases of the policymaking process. Through lobbying, businesses could get more concessions from their government after the policy had been suggested. Pressure from the business community could limit the amount of politically acceptable options for reform. If this pressure was too hard, the government might retreat and withdraw its policies, thinking that pursuing the policy would be too politically costly.<sup>113</sup> Tasha Fairfield argued that although both types of business powers, structural and instrumental, could mutually reinforce each other, they remain distinct and different types of power. The major difference between both is that structural powers are used without any concerted political action.<sup>114</sup>

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<sup>109</sup> T. Fairfield, 'Business Power and Tax Reform: Taxing Income and Profits in Chile and Argentina', *Latin American Politics and Society*, Vol. 52, No.2 (Summer 2010), p.40.

<sup>110</sup> S. Haggard, S. Maxfield and B.R. Schneider, 'Theories of Business and Business-State Relations', in S. Maxfield and B.R. Schneider (eds.), *Business and the State in Developing Countries*, Ithaca, Cornell University Press, 1997, p.53.

<sup>111</sup> *Ibid.*, p.37.

<sup>112</sup> W.G. Domhoff, *The Higher Circles' the Governing Class in America*, New York, Random House, 1970, p.21-26.

<sup>113</sup> Fairfield, p.40.

<sup>114</sup> *Ibid.*, p.41.

Analysis of the utilisation of instrumental power has been applied to several regions, including Latin America,<sup>115</sup> Thailand<sup>116</sup> and the United States of America.<sup>117</sup> Few works have focused on the Arab world.<sup>118</sup> The field of Gulf studies, however, has been relatively barren and this thesis aims to fill this gap. The importance of informal networks is, of course, a well established theme within Gulf studies.<sup>119</sup> Social proximity to the ruling families and intermarriages are important factors in determining the economic and political position of any family which might in turn boost its instrumental power. Rarely, however, has the discussion been framed in terms of the tradeoffs and complementarities that exist between the structural and instrumental powers exhibited by the merchants. Hence, what this thesis will make the centre of its attention is a detailed account of the *longue durée* interplay of structural and instrumental power utilised by merchants since the pre-oil era until the Iraqi invasion in Kuwait to show how the merchants' choices between the different sources of power played out as circumstances changed over the years.

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<sup>115</sup> See, for example, the work on 'bureaucratic rings' which involved businessmen courting senior officials in return for favours such as tax exemptions and government contracts in Mexico and the rest of Latin America in: B.R. Schneider, *Business Politics and the State in the Twentieth Century Latin America*, Cambridge, Cambridge University Press, 2004, p.71-72 on Mexico, and p.108-109 on Brazil.

Eduardo Silva also provides a detailed account on the collusion of some members of the business community in Chile with military officers led by General Pinochet to overthrow the Allende regime. For more see: E. Silva, *The State and Capital in Chile: Business Elites, Technocrats and Market Economics*, Boulder: Westview Press, 1996, pp.69-75. Here, the author discusses in detail the collusion of conglomerates' representatives and Navy Officers in preparing for post-Allende government economical policies.

<sup>116</sup> R.F. Doner and A. Ramsay, 'Competitive Clientelism and Economic Governance: The Case of Thailand', in Maxfield and Schneider, p.237-276.

<sup>117</sup> Domhoff, *The Higher Circles' the Governing Class in America*.

<sup>118</sup> Most notable among these is the edited volume by Heydemann, where he employs what is referred to as the "network" approach. Unlike mainstream economics, which portrayed individuals as seeking their own interests, the network approach allows academics to take into consideration the social context. Steven Heydemann, 'Networks of Privilege Rethinking the Politics of Economic Reform in the Middle East', in Steven Heydemann (ed.), *Networks of privilege in the Middle East: The Politics of Economic Reform Revisited*, New York, Palgrave Macmillan, 2004, p.23. Contributors to his edited version applied the network analysis to some Arab countries like Lebanon and Egypt.

<sup>119</sup> Michael Field, for example, focuses on the world of some of the leading mercantile families in the region like the Al Ghanim of Kuwait, the Al Darwish Fakhroo of Qatar, and the Kanoo of Bahrain. Field was privileged to interview some leading members of those families like Qutaiba Yusuf al-Ghanim, and to provide useful accounts on their beginnings. Khalid al-Mezaini argued that certain mercantile families in the United Arab Emirates were able to secure themselves a privileged position in both their economic and political spheres due to their long historical relations with their ruling families. Rulers in the seven emirates which constitute the present day UAE were financially dependent on their merchants and their strong social relations strengthened further the link between both sides. For more see: Michael Field, *The Merchants: The Business Families of Saudi Arabia and the Gulf States*, New York, Overlook Press, 1995. And: Khalid al-Mezaini, 'Private Sector Actors in the UAE and their Role in the Process of Economic and Political Reform' in Hertog, Luciani and Valeri (eds.), p. 47.



There were several ways in which merchants practised their instrumental powers, paying special attention how a portfolio of different strategies and instruments was transformed and adopted across a period spanning more than seven decades. It is useful to think of the various strategies available to merchants to exercise their instrumental power as a portfolio of options. These options can be substitutes for other options but can also strongly complement each other. Thus, businesses have a portfolio of political investments and the decision to invest in a certain form of influence would depend on the rate of returns expected. The decision to make these political investments is based on the opportunities offered by the political climate. Some strategies require long-term planning, while others are short-term actions. In the same vein, some are created by politicians of the day, while others owe their existence to the institutional features of the political system.<sup>120</sup> Hence investments in associations, such as chambers of commerce, could be a long-term way for businesses to strengthen their influence further. Thus, businesses might invest considerable financial resources in developing their association's capacities further.<sup>121</sup> Alongside, or in substitute to, boosting the capacities of their associations, businesses might become more active in parliamentary politics as another 'investment' within their portfolio.<sup>122</sup> Obtaining high posts within the governmental bureaucratic structure is another strategy. Informal ties, whether through family marriages, similar career paths or similar education are also part of the portfolio calculations.<sup>123</sup> Owning media outlets, particularly newspapers, will also be shown to be a particularly important channel within Kuwait.

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<sup>120</sup> This idea is based on the "portfolio" approach employed by Schneider (2010) in his analysis of strategies adopted by business in Latin America. For more information see: B.R. Schneider, 'Business Politics in Latin America: Patterns of Fragmentation and Centralisation', in D. Coen, W. Grant and G.K. Wilson (eds.), *The Oxford Handbook of Business and Government*, Oxford, Oxford University Press, 2010 p.312-313.

<sup>121</sup> IBID, p.314-315.

<sup>122</sup> Ibid., p.317-318, on the role of Latin American businesses in local politics. Schneider's focus was on financial contributions in electoral campaigns, however in this thesis the focus will be on mercantile direct participation in parliamentary politics.

<sup>123</sup> Ibid., p.318-319.

A crucial refinement of the argument is the ability of merchants to "interpenetrate" the government.<sup>124</sup> Merchants, since their historical beginnings, enjoyed strong social ties with the Al Sabah family. In the post-oil and independence era the government found the mercantile class to be a good educated pool for official recruitment due to the lack of trained local talent in Kuwait. Access to the government allowed members of the mercantile class to interpenetrate the government and to exert their influence over major decisions. Although this access could be interpreted as a sign of cooption or being bought off, events in the subsequent chapters show that in some cases mercantile ministers were able to impose their will on the rest of the government.

Joel Migdal's arguments in his 'state in society' approach will prove useful in this respect. Migdal argues that social actors and states are able to control certain specific arenas, which means that state dominance, or control, is dispersed. Migdal argues that "Here neither the state nor any other societal force has established an overarching hegemony; domination by one social force takes place within an arena or even across a limited number of arenas but does not encompass the society as a whole."<sup>125</sup> Migdal's arguments will be useful in explaining the variances found in the strength of the mercantile class's instrumental powers and influence in various social arenas. For example, this thesis will show that when the merchants' influence in the National Assembly started to decline in the 1970s and 1980s because they were a minority compared with other social groups, the

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<sup>124</sup> Krimly demonstrates in his thesis *The Political Economy of Rentier State: A Case of Saudi Arabia in the Oil Era*, the ability of what he labelled as the 'power bloc' to exert considerable influence on the Saudi government despite their reliance on it for their fortunes. Merchants close interactions with King 'Abd al-'Aziz during the initial phases of creating modern day Saudi Arabia gave them a privileged position in the dominant bloc. Both merchants from the historical times and those who made huge fortunes during the oil era constituted the 'neo bourgeoisie' component of the dominant bloc (p. 351). Merchants had a structural alliance with the bureaucratic elite which were too members of the bloc alongside the ruling family. Both senior bureaucrats and the bourgeoisie came from similar social backgrounds and intermarried with each other (pp.357-358). Furthermore it was common practice that bureaucratic elites would join the neo bourgeoisie ranks once they retire (p.358). Members of the dominant bloc had systematic access to the government through direct links in the case of members of the ruling family and elite bureaucrats (p.372). The neo-bourgeoisie was able to voice their concerns through the Saudi Arabia Chambers of Commerce and Industry (p.372). Through these channels members of the dominant bloc were able to protect their interests and even bloc major reforms (p.381-385).

<sup>125</sup> J.S Migdal, 'State power and social forces: Domination and transformation in the third world', in A. Kohli, J.S. Migdal and V. Shue (eds.), *State Power and Social Forces: Domination and Transformation in the Third World*, Cambridge, Cambridge University Press, 2007, p.27.

merchants were able to preserve their interests and exert more influence in a different social arena, the Kuwait Chamber of Commerce and Industry, instead of the National Assembly.

Finally, this thesis will focus on unpacking the discernible patterns of mercantile political activism across the *longue durée*, building on the theme of ‘recursive patterns’ found in Kuwaiti politics.<sup>126</sup> Tetreault argued that whenever the government was under political fire during the oil era, it tended to circumvent opposition by creating more appointed organs.<sup>127</sup> This thesis will build on this theme, particularly focusing, however, on the mercantile reactions. It will be argued that merchants tended to be vocal whenever they were shut out from the decision-making process and when the economy was not performing well. This was the case during the 1930s when the merchants demanded that the ruler create the educational and municipal councils, during the 1950s when pressure mounted on the government to introduce more administrative reforms because it had centralised more power by creating appointed bodies, and also at the end of 1989 when merchants joined other factions of Kuwaiti society in demanding the government restore parliamentary life. The tone of mercantile disgruntlement, however, tended to be low if the government decided to attack the available political rights during economic booms. Thus, after the dismissal of the 1939 council, merchants did not voice any opposition when the ruler created an appointed council in its place because they were more preoccupied with their businesses. The same would also be the case after the first unconstitutional suspension in 1976 which occurred at a time when Kuwait enjoyed high oil revenues. Studying these recursive patterns will benefit from comparisons with business-government relations in Latin America, especially using the work of Eduardo Silva which focuses on the era of the Pinochet dictatorship.<sup>128</sup> Similar patterns of reactions can be found in both cases.

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<sup>126</sup> M.A.Tetreault, *Stories of Democracy: Politics and Society in Contemporary Kuwait*, New York, Columbia University Press, 2000, p.66.

<sup>127</sup> *Ibid.*, p.66-67.

<sup>128</sup> Silva, *The State and Capital in Chile*.

In light of the above, this thesis will focus on detailing the historical interplay between these different outlets of instrumental power among the merchants of Kuwait from the beginning of the oil era in the 1950s up to the Iraqi invasion of 1990. The reliance on structural power pre-oil will be contrasted with the reliance on instrumental powers after oil export began. Furthermore, the emphasis on different tools of instrumental power will be examined during episodes of financial boom, political crisis and state building in order to unpack the nuances of the different actions and strategies employed by members of the merchant families, highlighting recursive patterns while simultaneously moving beyond a unilinear and generalising analysis of merchants as having been completely subdued by the government with oil money.

### **1.5 Sources and material used: A historical archival perspective**

This thesis is largely historical in its focus, and hence the majority of the work is archival. To pursue research on the evolution of mercantile influence in Kuwait, this thesis depends on various primary sources of information. One of the major sources consulted was the British archives at both the India Office Records at the British Library, and the Foreign and Commonwealth Office archives at Kew Gardens. The British archives provide the most extensive firsthand accounts of the main political developments which occurred in Kuwait during the period of this study, making it the primary source for any historical work on the region. When it comes to studying the time before the oil era the thesis also benefited from the information contained in J.G. Lorimer's *Gazetteer of the Persian Gulf, Oman and Central Arabia*,<sup>129</sup> and in Selections from the records of the Bombay government.<sup>130</sup>

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<sup>129</sup> J.G. Lorimer, *Gazetteer of the Persian Gulf, Oman and Central Arabia*, Buckinghamshire, Archive Editions: 1986.

<sup>130</sup> T.R. Hughes (ed.), *Arabian Gulf Intelligence: Concerning Arabia, Bahrain, Kuwait, Muscat and Oman, Qatar, United Arab Emirates and the Islands of the Gulf*, Cambridge, Oleander, 1985.

These archives provide immense potential for a better understanding of local developments in Kuwait, particularly given the dearth of studies that have consulted these archives on local matters extensively.<sup>131</sup> Furthermore, many documents covering the 1970s and the beginning of the 1980s were declassified only in the twenty-first century, which limited their use in previous studies. Some of the files in the British archives also included newspaper articles from both local and international newspapers which might not have been readily available in previous years.

Among the pioneers in utilising these archives for tracing Kuwait's pre-twentieth century history was Ahmad Mustafa Abu Hakima, who was tasked by the Kuwaiti government during the 1960s to prepare academic works on Kuwait history.<sup>132</sup> Salwa al-Ghanim also depended on the material found at the India Office Records for her book on the reign of Shaykh Mubarak al-Sabah, and both of these books will provide valuable resources.<sup>133</sup> Indeed, the lack of other archival alternatives makes the British archives a preferable choice for any researcher. Some other archives do exist and have been used in other works, particularly the Ottoman archives, which have been consulted by Fredrick Anscombe in his work on the Ottoman Gulf.<sup>134</sup> Tapping this resource however requires fluency in Turkish, and hence reliance in this matter had to be on secondary resources. Kuwait's national archive was vandalised during the Iraqi invasion of Kuwait, and it took the government more than a decade to retrieve parts of it, while official documents which are stored at the Amiri Diwan (the official office of the Amir of Kuwait) are not for public access.

This is a strong reliance on British archives, and it should be borne in mind that at the end of the day these archives reflect the opinions of the British officials who had their own prejudices and

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<sup>131</sup> S.C. Smith, *Kuwait, 1950-1965, Britain, the Al Sabah and Oil*, Oxford, Oxford University Press, 1999. The author, for example, focuses more on the Kuwaiti-British relations and does not go into detail on some important political events during those times like the election of the Constituent Assembly which prepared the Kuwaiti constitution, and Kuwait's first National Assembly which was elected in 1963.

<sup>132</sup> A.M. Abu Hakima, *The Modern History of Kuwait*, London, Luzac and Company, 1983.

<sup>133</sup> S. al-Ghanim, *The Reign of Mubarak al-Sabah: Shaikh of Kuwait*, London, New York: I.B. Tauris & Co, 1998.

<sup>134</sup> F.F. Anscombe, *The Ottoman Gulf: The Creation of Kuwait, Saudi Arabia and Qatar*, New York, Columbia University Press, 1997.

impressions regarding local figures and issues in Kuwait. The possibility of factual inaccuracies is always present too. One could, for example, take the case of H R P Dickson, who was the British Political Agent in Kuwait and published various books including *The Arab of the Desert*.<sup>135</sup> Dickson claimed that both the former ruler Shaykh Muhammad and his brother Shaykh Jarrah were guided by an Iraqi named Yusuf al-Ibrahim.<sup>136</sup> Al-Ibrahim in fact belonged to a prominent Kuwaiti mercantile family which had a commercial establishment in Bombay, and he was a cousin of the wives of both the ruler and his brother Shaykh Jarrah.<sup>137</sup> Thus such accounts should always be viewed with some caution.<sup>138</sup>

To help balance the British point of view, this thesis consulted memoirs published by some Kuwaiti figures. Memoirs are important in that they provide a written testimony on an important phase or historical event for the next generations. Unfortunately it seems that most leading Kuwaiti figures did not choose to make an account of their achievements. What complicates the situation for any researcher of historical events is the fact that nearly all of the leading personalities covered in this thesis have passed away, such as ‘Abd al-‘Aziz Hamad al-Saqr the first minister for health and the first speaker of the Kuwaiti National Assembly who passed away in summer 2005, and Jasim al-Qatami, the notable Arab Nationalist Movement parliamentarian who passed away on 29 June 2012.<sup>139</sup> Academics like Maymuna al-Khalifa al-Sabah were fortunate enough to interview some personalities like Nusf al-Yusuf al-Nusf and Muhammad Ahmad al-Ghanim who witnessed

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<sup>135</sup> H.R.P. Dickson, *The Arab of the Desert; A Glimpse into Badawin Life in Kuwait and Saudi Arabia*, London, George Allen and Unwin, 1949.

<sup>136</sup> Ibid., p.266-267.

<sup>137</sup> al-Ghanim, p.3.

<sup>138</sup> Ibid., p.3.

<sup>139</sup> Other important figures that passed away were Ibrahim Yusuf al-Ghanim who was a member of a prominent mercantile family and who played an important role in the Jeddah conference which was held during the Iraqi invasion of Kuwait. ‘Abd al-Latif Thunayyan al-Ghanim, a member of the Al Ghanim family too, who was a member of the 1938 council. He was imprisoned for a while to be released in 1944. After independence he was elected as the speaker of the Constituent Assembly and later on was appointed minister for health. He passed away in March 1988.

important events like the 1938 and 1939 councils.<sup>140</sup> Pete Moore also consulted various merchant figures.<sup>141</sup> Indeed his work proved immensely beneficial when writing about the events of the Al Manakh stock market crash. Such secondary resources are part of the material used in this thesis.

The memoirs of Dr Ahmad al-Khatib a former parliamentarian and a member of the Constituent Assembly proved to be a valuable source of information.<sup>142</sup> Published in two volumes, al-Khatib's memoirs provided an eyewitness account of the main political developments in Kuwait's contemporary history, like the election of the Constituent Assembly, and parliamentary life in Kuwait. Al-Khatib himself enjoyed strong relations with members of the mercantile class, which proved to be useful for this thesis. However, Dr al-Khatib's memoirs themselves were controversial in Kuwait, and the subjective nature of memoirs should always be kept in mind.<sup>143</sup> In this respect, the unpublished memoirs of Khalid al-'Adsani, the secretary of the merchant-dominated 1938 council and afterwards an ambassador and minister<sup>144</sup> also proved valuable.

Some works by leading Kuwaiti personalities were a combination of both memoirs and an account of Kuwait's historical past, which this thesis also benefited from. Notable within these was Shaykh 'Abd al-'Aziz al-Rushaid's book on Kuwaiti history.<sup>145</sup> Al-Rushaid himself was a member of the short-lived 1921 council. Along similar lines to al-Rushaid's work, Shaykh Yusuf bin 'Isa al-Qina'i published his book on Kuwait's history in 1954.<sup>146</sup> Al-Qina'e also witnessed and participated

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<sup>140</sup> M.K. al-Sabah, *al-Kūwaīt fī Zīl al-Ḥimaya al-Baritaniyah* (Kuwait Under British Protection), Kuwait, the author, 1988.

<sup>141</sup> P.W. Moore, *Doing Business in the Middle East: Politics and Economic Crisis in Jordan and Kuwait*, Cambridge: Cambridge University Press, 2004.

<sup>142</sup> A. al-Khatib, *al-Kūwaīt min al-Imāra illā al-Dawla: Dhikariyyāt fī al-'Amal al-Watanī*, (Kuwait from an Emirate to a State: Memories of National Politics), Casablanca, Al Markaz Al Thaqafy Al Arabi, 2007, and A. al-Khatib, *al-Kūwaīt min al-Dawla illā al-Imara: Dhikariyyāt al-'Amal al-Watanī* (Kuwait from the State to an Emirate: Memories of National Politics), Casablanca, Al Markaz Al Thaqafy Al Arabi, 2009.

<sup>143</sup> [http://pdf2007.kuwait.tt/ln\\_20070728\\_1.pdf](http://pdf2007.kuwait.tt/ln_20070728_1.pdf) and [http://pdf2007.kuwait.tt/ln\\_20070728\\_66.pdf](http://pdf2007.kuwait.tt/ln_20070728_66.pdf), al-Watan, 28 July 2007, Shaykha Badriya's reply. Accessed on 10 July 2014.

<sup>144</sup> K.S. al-'Adsani, *Nuṣf 'Ām li-l-Hukm al-Niyābī fī al-Kūwaīt*: 2 Jumada al-Awlā 1357 – 25 Shawwāl 1357H, (Half a Year of Parliamentary Life in Kuwait), 1978.

<sup>145</sup> 'A. 'A. al-Rushaid, *Tārīkh al-Kūwaīt* (History of Kuwait), Beirut, Manshurat Dar Maktabat al-Hayat, 1978. This was an updated version edited by his son Ya'qub 'Abd al-'Aziz al-Rushaid.

<sup>146</sup> al-Qina'i, *Safahāt Min Tārīkh al-Kūwaīt*.

in several legislative bodies which were created during the pre-oil era. Sayf Marzuq al-Shamlan also provided a good account on Kuwait's pre-oil political and local conditions.<sup>147</sup> Al-Shamlan, who descended from a prominent mercantile family, used his familial links to provide primary information in his book, such as the correspondence between his relatives and the former rulers.

Alongside national archives, memoirs and secondary books, extensive information was found in the archives of Kuwaiti newspapers, offering a counterbalance to British views. These were primarily used for the final chapter which covers the period from 1978 to 2 August 1990. The newspaper archives are found at the Kuwait University Centre for the Arab Peninsula and Gulf Studies. These newspapers were an important source of information on certain events and the viewpoints surrounding them, particularly on subjects that have received minimal attention in the contemporary works on Kuwait. These include discussions about the Constitutional Review Committee, which was formed after the suspension of the National Assembly in 1976. Coverage also revealed the positions of the parliament and the government on the collapse of the unofficial stock market in 1982, previously only discussed briefly in other academic works.<sup>148</sup>

A caveat when it comes to the Kuwaiti media is that it must be remembered that the local press was subject to censorship measures during each unconstitutional suspension of the National Assembly in 1976 and 1986. For the famous Monday *dīwāniyya* events (*dīwāniyat al-ithnain*, a Monday salon) which occurred three years after the unconstitutional suspension of the parliament, Yusuf al-Mubarak's work filled the gap caused by the absence of any oppositional voices in the local press.<sup>149</sup> Al-Mubarak collected articles chronicling these events in the Arab press, alongside

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<sup>147</sup> S.M. al-Shamlan, *Min Tārīkh al-Kūwaīt* (From the History of Kuwait), Kuwait, That al-Salasil, 1986.

<sup>148</sup> Fida Darwiche offered a detailed study on the al-Manakh disaster. Her study was more concerned with the economic and financial effects of the crisis, though she touched upon in brief the role of the National Assembly. F. Darwiche, *The Gulf Stock Exchange Crash: The Rise and Fall of the Souq al-Manakh*, Kent, Croom Helm Ltd., 1986.

<sup>149</sup> Y.M. al-Mubarak, *Hīn Ista'ad al-Sha'ab al-Kūwaītī Dustūra: Wāqī'a wa wathā'iq Dawāwīn al-Ithnain*, (When the Kuwaiti People Regained Their Constitution: The Events and Documents of the Monday *Dīwāniyyas* ), Kuwait, 2008.



publishing the petitions which were sent to Amir Shaykh Jabir al-Ahmad, and which demanded the restoration of parliamentary life in Kuwait.

Hence, this thesis focused on its primary sources (British archive documents, newspapers and memoirs) and complemented this study with its secondary sources (books and articles). Each of these resources was critically examined against the others in order to draw a detailed picture of the evolution of the role of merchants in Kuwaiti politics from the early formation of the state until 1990.

## **1.6 Thesis structure: A chronological narration**

The rest of this thesis consists of seven chapters which run in chronological order through the epochs of different rulers. This mode of presentation was chosen as it best allows the analysis the evolving nature of the merchants' role in politics over the *longue durée*. Thus, the second chapter offers a historical background on the early formation of Kuwait until the end of the reign of the seventh ruler Shaykh Mubarak al-Sabah in 1910, who is generally considered to be the founder of the modern state of Kuwait and in whose reign the famous migration of Kuwaiti pearl merchants due to taxation policies occurred, a clear utilisation of structural powers. Chapter Three focuses on the era of Shaykh Ahmad al-Jabir al-Sabah, who ruled for 29 years (1919-1950) and represents the apex of the merchants' political power before the oil revolution. This includes the infamous events of the 1921 and 1938 councils when merchants attempted to take over more political powers.<sup>150</sup>

The change to the historical balance of power occurred during the reign of Shaykh 'Abd Allah al-Salim al-Sabah who succeeded Shaykh Ahmad al-Jabir. The first 11 years of his rule from

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<sup>150</sup> In addition, it covers the period of the three rulers who preceded Shaykh Ahmad al-Jabir: Shaykh Jabir and Salim al-Mubarak, whose combined time period did not last for more than six years.

1950 to 1961 are the focus of Chapter Four. It was during this period that oil exports began to flow in earnest and merchants saw their powers shift from being structural to instrumental.

In 1961 Kuwait gained its independence from British protection. The first momentous four years of independence (1961-1965), which were also the final years of Shaykh ‘Abd Allah’s rule, will be covered in Chapter Five because of the extent and importance of events during this period. Kuwait entered a new phase of its history with the beginning of formal political life. Merchants were able to leave a long-lasting mark on local politics through their input into the Constituent Assembly which produced Kuwait’s constitution, and by establishing the Kuwaiti Chamber of Commerce.

Chapter Six deals with the era of Shaykh Sabah al-Salim al-Sabah, who ruled Kuwait from 1965-1977. During this period, merchants had to become more accustomed to their new political reality as a minority in Kuwait’s political sphere with weakening influence over parliamentary life.

Finally, Chapter Seven offers an account of the first 13 years of Shaykh Jabir al-Ahmad’s era, from 1970 until Iraq’s invasion of Kuwait on 2 August 1990. Mercantile influence during the 1980s witnessed a revival through the role of the Kuwait Chamber of Commerce and Industry ,which helped the government deal with the collapse of the unofficial stock market in 1982. Revival also came through merchant demands in 1989-1990 for the return of parliamentary life at events known as the Monday *dīwāniyya* meetings (*dīwāniyāt al-ithnain*). However, local politics were abruptly interrupted when Iraqi tanks rolled over Kuwait borders on 2 August 1990. The time period covered in this thesis ends with the invasion, a structural break in Kuwait's history and its politics. The final chapter concludes by synthesising the main findings of the thesis, paying particular attention to the main themes that have emerged throughout the study on the evolving role of merchants in Kuwaiti politics in the 1910-1990 period.

## **Chapter 2 1750-1915: The foundations of Kuwait and the reign of Shaykh Mubarak**

One of the local patriotic songs in Kuwait contains the line: “We thank God for his blessings, our shaykh is one of us.” According to local tradition, members of the Al Sabah family are founding members of the modern state of Kuwait, having reached power peacefully by consensus as firsts amongst equals. Kuwait’s first Al Sabah ruler, Shaykh Sabah I was elected by locals to administer their affairs.

This introductory chapter will give the historical background of the formation of Kuwait, focusing on the role played by merchants within this process. It runs from the era of Shaykh Sabah I in the 1750s to the end of the reign of the seventh ruler, Shaykh Mubarak al-Sabah, in 1915. The chapter consists of two parts. The first will cover the era before Shaykh Mubarak. During this period Kuwait continued to develop as a major commercial hub in the Gulf for both maritime and overland trade. Commerce was an important source of revenue in Kuwait due to the unsuitability of its land for large-scale agricultural activity. Dependence on trade gave the mercantile class a privileged position in society, even when compared with the Al Sabahs, who were not as wealthy. Hence, the Al Sabahs did not seemingly enjoy wide and unchecked power in their administration of Kuwait and they had to rule in consultation with the leading notables.

However, Kuwait underwent an abrupt change when the seventh ruler, Shaykh Mubarak al-Sabah, assumed power and his reign is the focus of the second part of this chapter. Unlike his predecessors, who obtained power in a peaceful manner, Shaykh Mubarak assumed power by killing two of his brothers. When assessing Shaykh Mubarak’s period of rule, a major theme which presents itself is his ability to centralise power within his hands. At the beginning of his reign, Shaykh Mubarak did not face major opposition from any social group such as merchants, tribes or the pearl divers working on pearling ships. Instead, external powers played a much more significant role in Kuwait's fate - in particular the British and the Ottoman authorities. Shaykh Mubarak was

able to prevent further Ottoman encroachment by calling on the British authorities, who became his formal protectors after the conclusion of the Anglo-Kuwaiti Agreement in January 1899.

Over time, trouble on the domestic front started to emerge. In particular, Shaykh Mubarak's nephews and their distant cousin Shaykh Yusuf al-Ibrahim - all of whom were in exile - gave him cause to worry during his initial years in power. The ruler's nephews demanded vengeance for the murder of their fathers and al-Ibrahim sided with their cause. The enmity between the shaykh and al-Ibrahim lasted ten years, with both sides using similar strategies against each other. These included contacting and bribing local Ottoman officials and getting in touch with the British Residency at Bushehr. Shaykh Yusuf al-Ibrahim went even further and planned for two ultimately failed boat attacks on Kuwait, in an extreme showcase of the power of mercantile wealth. The conflict was eventually settled in Shaykh Mubarak's favour, with the expulsion of al-Ibrahim from Basra after his second failed naval attack. This conflict was, however, essentially personal in nature, and few Kuwaitis outside of the two sides' immediate circles became involved.

The existence of minimal local opposition in his initial years allowed Shaykh Mubarak to exert more control on the Kuwaiti local economy via taxation, another important theme throughout the chapter. Controlling the economy was vital for Shaykh Mubarak to finance his plans. Shaykh Mubarak used his funds to bribe Ottoman officials, and to buy the support of nearby tribes. Furthermore, these funds were needed to prepare his forces for some of his major battles and attacks. In order to raise more funds for the public treasury, Shaykh Mubarak levied new taxes on various commercial activities, including pearling and real estate. However there were limits to his ability to burden merchants with financial demands. In 1910 the leading pearl merchants left Kuwait as a sign of their disapproval with the ruler's increasing monetary and taxation demands. The 'migration of the merchants' was the most serious internal threat faced by Shaykh Mubarak during his reign. Merchants were able to swiftly move out of Kuwait, taking their boats and their men with them, in a clear demonstration of the strength of their structural power. These merchants

owned considerable amounts of wealth and capital, and their prolonged absence would have had a catastrophic effect on Kuwait's economy. They eventually returned to Kuwait after several mediation attempts, including a personal visit by the ruler himself to convince them to return. This ushered in a new era of active and concerted mobilisation by the merchants seen in subsequent period's of Kuwait's history.

## **2.1 The origins of Kuwait as a trading and pearling centre**

Kuwait can trace its history back to at least the beginning of the eighteenth century. In 1716 a group of families consisting of modern day Kuwait's ruling Al Sabah family and modern day Bahrain's ruling Al Khalifa family (and their cousins, the Al Jalahma) moved to the area of modern day Kuwait. The land seems to have been largely uninhabited.<sup>1</sup> This area lay at the northern tip of the Gulf, not far to the west of Shatt al-‘Arab, the point where the Tigris and Euphrates rivers meet and pour into the waters of the Gulf. These families were known together as the Bani ‘Utba (also called the ‘Utub grouping), and they belonged to the Jumaila branch of the prominent Arab ‘Aniza tribe.<sup>2</sup> The area of land we today call Kuwait was, at that time, within the sphere of influence of the head of the Bani Khalid tribe, Sa’dun bin Muhammad bin Ghurair al-Hamid. It seems that the Bani Khalid rulers did not interfere with the Bani ‘Utba's internal affairs, and gave them a relative degree of freedom.<sup>3</sup> Once settled, the heads of the three tribes distributed the main tasks among themselves. It was agreed that the Al Sabahs would govern the land of Kuwait and, that the Al Jalahmas would oversee the protection of the sea borders, and that the Al Khalifas would control trade and

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<sup>1</sup> F. Warden, ‘Historical sketch of the Utubee tribe of Arabs; (Bahrein) from the year 1716 to the year 1817; prepared by Mr. Francis Warden, Member of Council Bombay; with continuations of the same from the year 1817 to the close of the year 1851, by Lieutenant S. Hennell; from 1832 to August 1844 by Lieutenant A.B. Kemball; and from the latter period to the close of the year 1853 by Lieutenant H.F. Disbrowe; successive assistants to the resident in the Persian Gulf,’ in T.R. Hughes, (ed.), *Arabian Gulf Intelligence: Concerning Arabia, Bahrain, Kuwait, Muscat and Oman, Qatar, United Arab Emirates and the Islands of the Gulf*, Cambridge, Oleander Press, 1985, p.362-3.

<sup>2</sup> Abu Hakima, p.4.

<sup>3</sup> Ibid., p.5.

commerce.<sup>4</sup> After Sa'dun's death in 1722, succession struggles appeared within the Bani Khalid family. Bani Khalid power started to fade further after the death of Shaykh Sulaiman bin Muhammad al-Hamid in 1752, and was probably during this period that the Al Sabah family began their ascent as an independent power and Shaykh Sabah I assumed local control.<sup>5</sup>

Trade and the sea were the main sources of living and revenue for Kuwaitis as their land did not support heavy agricultural activity.<sup>6</sup> Furthermore, the Bani Khalid's minimal dependence on maritime activities and their shift away from the desert life encouraged the Bani 'Utba to specialise in this field.<sup>7</sup> It appears they had gained the necessary maritime skills to excel in this sector during their stay in Zubara in modern-day Qatar, where they were stationed before arriving in Kuwait.<sup>8</sup> An early Dutch report from 1756 - during the era of Shaykh Sabah I - provides one of the earliest accounts of the local economy. The report mentions the existence of a fleet of 300 small, lightly armed vessels, which were mainly used for pearling and fishing and which did not sail beyond Bahrain's banks.<sup>9</sup> The new settlers built a mud wall during the 1760s to shield their town from the neighbouring bedouin attacks, constituting the first of Kuwait City's walls.<sup>10</sup>

Shaykh Sabah's rule ended in 1762, and he was succeeded by his son Shaykh 'Abd Allah.<sup>11</sup> Like his father, he ruled in consultation with the notables and he seemed to enjoy limited powers over merchants. One commonly recounted story is that a member of the general public went to the ruler and complained about the refusal of a member from the wealthy al-Zayid family to settle a financial dispute. Shaykh 'Abd Allah advised him to seek the help of his opponent's wife, as she

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<sup>4</sup> Warden, 'Historical sketch of the Utubee tribe of Arabs,' In Hughes (ed.), *Arabian Gulf intelligence*, p.362.

<sup>5</sup> Abu Hakima, p.5.

<sup>6</sup> 'A. 'A. al-Rushaid, *Tārīkh al-Kūwaīt*, (History of Kuwait), al-Matba'at al-Asriyya, 1926, p.38.

<sup>7</sup> al-Ghanim, *The Reign of Mubarak al-Sabah*, p.6.

<sup>8</sup> B.J. Slot, *Kuwait the Growth of a Historic Identity: Papers Presented at Peterhouse College*, Cambridge, London, Arabian Publishing, 2003, p.97.

<sup>9</sup> B.J. Slot, *Origins of Kuwait, Kuwait, Centre for Research and Studies on Kuwait*, 1998, p.128-131.

<sup>10</sup> Slot, *Kuwait The Growth of a Historic Identity*, p.99.

<sup>11</sup> Abu Hakima, p.9.

would yield more influence over him.<sup>12</sup> One notable event during his reign was that the alliance with the other Bani ‘Utba families broke. In 1766 Shaykh Khalifa bin Muhammad, head of the Al Khalifa family, decided to leave Kuwait with other members of his tribe and they headed to Zubara, in today’s Qatar. They were soon followed by the Al Jalahmas.<sup>13</sup> Various reasons were given for this alliance breakdown, including that the Al Khalifa were seeking more wealth by residing near the pearl fisheries of Bahrain, which they would eventually come to rule.<sup>14</sup>

Nevertheless Kuwait did not suffer economically from the migration. To a large extent, Kuwait's economy seemed to be inversely related to Basra; Kuwait’s economy benefited whenever neighbouring Basra witnessed any internal troubles. This was the case, for example, in the 1775 Persian siege of Basra. Karim Khan Zand of Persia ordered his brother Sadiq Khan to wage a war against the city, citing the mistreatment of Persian pilgrims by the Ottoman authorities as the main reason behind this decision. The Persians took control of the city in April 1776.<sup>15</sup> The ports of Kuwait and Zubara – both under Bani ‘Utba influence - benefited from the siege because Basra’s trade was diverted to them, and many of its merchants decided to leave Basra and take up residence in Kuwait and Zubara.<sup>16</sup>

Kuwait continued to strengthen and prosper as the eighteenth century came to a close. Bani Khalid influence in the area waned because the Wahhabis seized the al-Ahsa’ region which meant an end to the rule and influence of the Bani Khalid over the Al Sabahs.<sup>17</sup> Kuwait was also better able to defend its borders in times of conflict, as a stronger wall was built in 1798 to protect it from

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<sup>12</sup> al-Rushaid, *Tārīkh al-Kūwaīt* (1926), p.66-7.

<sup>13</sup> Warden, ‘Historical sketch of the Utubee tribe of Arabs,’ Hughes (ed.), *Arabian Gulf intelligence* , p.362-3.

<sup>14</sup> Abu Hakima, p.18.

<sup>15</sup> Other factors that contributed to escalating tensions between both sides. These included seeking revenge for previous defeats in Kurdistan, and attempting to reduce the influence of Muscat as main trade hub by occupying Basra. Lorimer, *Gazetteer of the Persian Gulf, Oman and Central Arabia: Volume I (Historical), Part I*, p.145.

<sup>16</sup> Ibid., p.146-7.

<sup>17</sup> Abu Hakima, p.52-3.

being attacked by neighbouring tribes.<sup>18</sup> In 1799, the Sultan of Muscat decided to attack Kuwait because its ships did not pay duties when they passed the Cape of Musandam. Despite the lack of details on this event, it is evident that Kuwait was unharmed and that more trade flowed into it due to the unstable conditions in the neighbouring ports of al-Ahsa' and 'Uqair.<sup>19</sup>

Shaykh 'Abd Allah bin Sabah died in 1814, and he was succeeded by his son Shaykh Jabir bin 'Abd Allah, whose rule lasted until 1859. During the nineteenth century, Kuwait continued to grow economically, positioning itself as a commercial hub in the region. Travellers' accounts are a good source of evidence about Kuwait's prosperity during this period. Their insight into the local conditions in Kuwait is valuable because of a lack of local accounts for that period. James Silk Buckingham, a British traveller, visited Kuwait in 1828. He praised the city's inhabitants' ability to maintain their independence from the Ottomans, who controlled nearby cities like Basra and Qatif in modern day Saudi Arabia's Eastern Province.<sup>20</sup> Buckingham noted that although Kuwait's land was not as fertile as Bahrain's, making agriculture fruitless, Kuwait had a safe anchorage which was able to receive more than 100 ships of varied size and freight.<sup>21</sup> Horses were among Kuwait's major exports, and in total 1,500 horses were exported that year.<sup>22</sup> Captain George Brucks of the Indian army visited Kuwait a year later, in 1829, and he too formed positive impressions, concluding that sea trade was an important source of revenue for the town. By this point, Kuwaitis seemed to have

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<sup>18</sup> H.K.S. Khaz'al, *Tārīkh al-Kūwaīt al-Siyāsī*, (Kuwait Political History), Volumes 1-5, Beirut, Matba'at Dar al-Kutub, 1962-1970, p.65.

<sup>19</sup> Abu Hakima, p.54-5.

<sup>20</sup> J.S. Buckingham, *Travels in Assyria, Media and Persia, Including a Journey from Baghdad by Mount Zargos, to Hamadan, the Ancient Ecbatana, Researches in Isfahan and the Ruins of Persepolis, and Journey from Thence to Shiraz, Bushire, and Muscat. Narrative of an Expedition Against the Pirates of the Persian Gulf, with Illustrations of the Voyage of Nearchus, and Passage by the Arabian sea to Bombay*, London, Henry Colburn, 1829, p.463.

<sup>21</sup> Ibid., p.463.

<sup>22</sup> Ibid., p.385.



advanced their maritime skills considerably, and their ships sailed to the Gulf, the Red Sea and to some cities in the Indian subcontinent like Bombay, Gujarat and Malabar.<sup>23</sup>

Another important feature noted by these travellers was the minimal role played by the local government in people's lives. Two years later, in 1831, another traveller, J.H. Stocqueler stayed in Kuwait for three days on his way to Basra. According to him, the town was governed by a shaykh who did not have a uniformed armed force and imposed a 2% duty on all imports.<sup>24</sup> The absence of an armed force meant that the rulers did not have absolute power over their subjects. The British political resident in 1841 made similar observations about the government. According to his report, the government there was of "a truly mild and paternal character"<sup>25</sup>. He noted that the ruler Shaykh Jabir bin 'Abd Allah and his son Shaykh Sabah were not wealthy, with their main source of income not exceeding \$3,000 because no taxes and customs were being levied.<sup>26</sup> Similar comments about Kuwait's simple local administration were made by Lieutenant Colonel Lewis Pelly in his report on his journey to Riyadh at the beginning of 1865. He visited Kuwait during the reign of Shaykh Sabah bin Jabir who had succeeded his father in 1859. Pelly saw that life in Kuwait was simple, the ruler was aided by judges to administer day-to-day matters. The government did not interfere much in people's lives and it did not impose heavy taxes or duties.<sup>27</sup> Indeed, when Shaykh Sabah bin Jabir tried to increase duties on Kuwaiti exports, he retreated quickly from his because of merchant dissatisfaction.<sup>28</sup>

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<sup>23</sup> G.B Brucks, 'Captain George Barnes Brucks, 1829. Memoir descriptive of the navigation of the Gulf of Persia; with brief notices of the manners, customs, religion, commerce, and resources of the people inhabiting its shores and islands,' in T.R. Hughes, (ed.), *Arabian Gulf Intelligence: Concerning Arabia, Bahrain, Kuwait, Muscat and Oman, Qatar, United Arab Emirates and the Islands of the Gulf*, Cambridge, Oleander Press, 1985, p.575.

<sup>24</sup> J. H. Stocqueler, *Fifteen Months Pilgrimage Through the Untrodden Tracts of Khuzistan and Persia, in a Journey from England, Through Parts of Turkish Arabia, Persia, Armenia, Russia and Germany, Performed in the Years 1831 and 1832*, London, Saunders and Otley, 1832, p.19-20.

<sup>25</sup> Abu Hakima, p.179.

<sup>26</sup> Ibid., p.179.

<sup>27</sup> L. Pelly, *Report on a Journey to Riyadh in Central Arabia 1865, With a New Introduction by R. L. Bidwell*, Cambridge, Oleander/Falcon Press. p.10.

<sup>28</sup> al-Qina'i, *Safahāt Min Tārīkh al-Kūwaīt*, p.17.

Shaykh Sabah bin Jabir's rule lasted for only seven years and ended in 1866, with his son Shaykh 'Abd Allah bin Sabah assuming power after him. It is worthwhile at this juncture to spend some time shedding light on Kuwait's international relations. Looming large was Kuwait's relationship with the Ottoman empire.<sup>29</sup> Since the beginning of the nineteenth century, Kuwait's link with the Ottoman empire had grown stronger, however the latter did not have any authority over the former.<sup>30</sup> In Ottoman decision-making circles Kuwait did not attract much attention following the governor of Baghdad Midhat Pasha's success in controlling the city of al-Ahsa' in 1871. Rather, Kuwait became increasingly autonomous and its economy continued to grow.<sup>31</sup> Kuwait's ruler did, however, hold the official Ottoman title of *ḵaimmaḵam* (a local representative of the Sultan) in recognition of his efforts assisting the Ottomans during their expedition to al-Ahsa' in 1871.<sup>32</sup> Shaykh 'Abd Allah bin Sabah offered military assistance to the Ottomans and supplied cavalry and naval forces.<sup>33</sup> It seems that the title was more of an honour in return for the services rather than an administrative title.<sup>34</sup> Internally there was a division of tasks between the ruler Shaykh 'Abd Allah and his three brothers. Shaykh Muhammad, the next ruler down, was responsible for the town's affairs, his brother Shaykh Jarrah settled financial issues and Shaykh Mubarak was responsible for handling the desert affairs.<sup>35</sup>

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<sup>29</sup> For more information on Kuwaiti-Ottoman relations, see: B.C Busch, *Britain and the Persian Gulf, 1894-1914*, Berkeley, University of California Press, 1967, Chapters VII, and X.

<sup>30</sup> al-Ghanim, p.7.

<sup>31</sup> Anscombe, p.92.

<sup>32</sup> Ibid., p.90.

<sup>33</sup> Abu Hakima, p.87-88.

<sup>34</sup> Ibid., p.88.

<sup>35</sup> al-Qina'i, *Safahāt Min Tārīkh al-Kūwaīt*, p.17.

## 2.2 The era of Shaykh Mubarak: Centralisation of Powers and merchant resistance

In 1891 Shaykh ‘Abd Allah bin Sabah died and his brother Shaykh Muhammad bin Sabah assumed power. Shaykh Muhammad's brief tenure in power ended abruptly on 17 May 1896 when he and his other brother Shaykh Jarrah were murdered by their brother Shaykh Mubarak. The way in which Shaykh Mubarak assumed power was a major departure from the previous successions of power, which largely occurred peacefully and smoothly. Money could have played an important role in motivating Shaykh Mubarak to take such drastic action. Amin al-Rihani, the famous Arab traveller and prolific writer, claimed that Shaykh Mubarak was an ambitious warrior who was financially isolated by his brother Shaykh Muhammad and Shaykh Jarrah. Financially, Shaykh Mubarak had some difficulties because of his brother's decision to reduce or, in some cases, withhold his allowance. This reached a point where he had to sell some of his mother's jewels to meet his financial commitments towards his bedouin supporters. Al-Rihani claimed that the two brothers stood in the way of Shaykh Mubarak's ambitions and so he decided to get rid of them both.<sup>36</sup>

H.R.P Dickson the British political agent in Kuwait from 1929-1936 had a different view. Dickson was highly critical of Shaykh Muhammad and his brother Shaykh Jarrah, who were both under the influence of the merchant Yusuf bin ‘Abd Allah al-Ibrahim, who was their wives' cousin. Dickson claimed that al-Ibrahim had intended to eventually control Kuwait and his main obstacle was Shaykh Mubarak.<sup>37</sup> Therefore Shaykh Mubarak decided to settle the issue by killing his two brothers, especially when both of them refused to give him 10,000 rupees to finance his new

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<sup>36</sup> A. al-Rihani, *Around the Coasts of Arabia*, London, Constable and Co, 1930, p.247.

<sup>37</sup> Dickson, *The Arab of the Desert*, p. 266-267.

marriage.<sup>38</sup> Captain Whyte, the British consul in Basra, made a similar claim, noting that Shaykh Mubarak killed both of his brothers hoping that he would then be able to control their wealth.<sup>39</sup>

From the early days of his rule, Shaykh Mubarak was able to centralise more power within his hands. To begin with he did not face any serious internal threats, which gave him more control over Kuwait's administration. This could be attributed to the existence of some form of consultation, and the ability of Shaykh Mubarak to win the support of the various tribes and merchants, at least initially. Other factors that will be discussed are the role of the pearling industry and the position of the two main foreign powers: the British and the Ottoman empires. There was, however, one serious source of internal irritation that would last until 1910, the ever looming Shaykh Yusuf bin 'Abd Allah al-Ibrahim. Al-Ibrahim actively fought Shaykh Mubarak, and their enmity lasted for a whole decade.

Historical records covering his usurpation of power do not show any evidence of public opposition to the way in which power was transferred. Indeed the day after the assassination, on 18 May 1897, Shaykh Mubarak called the notables of Kuwait to a meeting and promised that he would rule with justice and with their consultation.<sup>40</sup> After the power transition, Kuwait continued to lack a proper administrative apparatus. Lorimer noted that it was a one-man rule, to the extent that the ruler did not allow even his closest relatives to participate in public administration. Shaykh Mubarak employed a few slaves, and he used to personally adjudicate in most of the cases.<sup>41</sup> The ruler referred some cases to religious clerics if he was not able to reach a final judgment, and the same applied to commercial disputes, where the cases were sent to prominent merchants for their

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<sup>38</sup> Ibid., p. 268.

<sup>39</sup> Memorandum by Captain J. F. Whyte, 22 March 1897, in: R. Bidwell, *The Affairs of Kuwait 1896-1905, Edited with Extensive New Material and a New Introduction, vol.1 1896-1901*, London, Frank Cass and Company Limited, 1976, p. 8.

<sup>40</sup> al-Rushaid, *Tārīkh al-Kūwaīt* (1978), p.148.

<sup>41</sup> Lorimer, *Gazetteer of the Persian Gulf, Oman and Central Arabia: Volume II: (Geographical and Statistical) Hinjam-Na'ala*, p.1075.

opinion.<sup>42</sup> Within this simplistic form of public administration, the shaykh was able to recruit members from some prominent mercantile families, like his agent ‘Abd al-‘Aziz al-Salim al-Badr, who came from the al-Qina‘at family and later on would be appointed as his secretary.<sup>43</sup> Jasim Budai , also a member of a mercantile family, also became one of Shaykh Mubarak’s confidants.<sup>44</sup>

It seemed that Shaykh Mubarak initially ruled with some form of consultation, which might explain why the elite tolerated his one-man rule for a while. He was able to secure the support of some prominent Kuwaiti figures in the long-lasting conflict with his enemy Shaykh Yusuf bin ‘Abd Allah al-Ibrahim (also referred to as Ibn Ibrahim). Once he settled in power he demanded that notables sign a petition accusing Ibn Ibrahim of killing Shaykh Mubarak’s brothers, whom he had actually killed himself. A few prominent figures refused to sign, including some of Kuwait’s most wealthy mercantile families such as Sayyid Sulaiman Sayyid ‘Ali and Jabir al-Ghanim. Shaykh Mubarak also tried to reconcile with al-Ibrahim, even sending the prominent figure ‘Abd al-‘Aziz al-Sumait to al-Ibrahim’s cousin, who alas informed him that he could not control the actions of his relative.<sup>45</sup>

Merchants aside, it seems that other segments of Kuwaiti society within the walls of the town were largely absent from the political scene, including pearl divers, small shopkeepers and artisans. Indeed their voice remains hidden in most historical accounts. This could be another explanation for the minimal opposition faced by the shaykh’s power. The importance of pearl diving in Kuwait comes from the fact that it was a major source of income for the masses. According to the British annual report of 1905, half of Kuwaitis half of all Kuwaitis or half of the working age

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<sup>42</sup> Lorimer’s observation might be a bit of an exaggeration, since it implies that Shaykh Mubarak had absolute power and ruled without consulting leading townsmen. Khaz‘al, *Tārīkh al-Kūwaīt al-Siyāsī*, vol.2 p.294.

<sup>43</sup> Chapter X: Administration report of the Kuwait political agency for the year 1907-8, IOR R15/5/331, p.111.

<sup>44</sup> Jasim Budai’s name came up during the 1910 events which will be discussed later. The British referred to him as a close confidant of the ruler. Extracts from Kuwait news ending 7 September 1910, IOR R/15/5/18, p.187.

<sup>45</sup> al-Rushaid, *Tārīkh al-Kūwaīt* (1978), p.151-2.

population were employed in that sector.<sup>46</sup> The inability of pearl divers to present themselves as a powerful political bloc could be related to the pearling industry itself. Kuwait's pearling industry was set up in way that enriched the few leading pearl merchants at the expense of the masses, who lived in absolute poverty and never-ending debt. Lorimer provided a glimpse into the workings of the pearl industry in the Arab part of the Gulf. He concluded that the industry was based on borrowed capital. In what seemed like a chain of debt, capital was initially extended by major pearl dealers - known locally as *tujjar* (traders) – to a special class of financiers called *musaqqam*<sup>47</sup> at high rates which varied from 10% to 25%.<sup>48</sup> Once the *musaqqam* received his capital he would then forward it to a ship's captain - a *nukhidha* - who would spend these funds on fitting out his ship and recruiting divers. If a *nukhidha* defaulted on his payment to the *musaqqam*, he was allowed to seize the *nukhidha's* ship and even his property if it had been part of the security for the agreement. An alternative solution, usually preferred by the Diving Court or *Salifat al-Ghaws* would be for the *nukhidha* to pay his debts in instalments to his financier.<sup>49</sup> Lorimer noted that these financial arrangements were "safeguarded by rules of an exceedingly drastic character".<sup>50</sup>

The divers suffered most under this system because of the few other employment opportunities. Because they needed the initial payments from the *nukhidas*, they ended up being entrapped in a perpetual cycle of debt. Divers were highly dependent on the whole system, to the extent that they even stood against official attempts by the rulers to free them from their debts. In 1907, because of the slump in the pearl industry, Shaykh Mubarak decided to fix the sums advanced to the pearl divers and the terms of payment. His decision was not well received, even by the segments it was supposed to protect. The divers were dissatisfied with the small amounts set by the

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<sup>46</sup> Chapter X. - Administration report of the Kuwait political agency for the year 1905-6, IOR R15/5/329 p.87.

<sup>47</sup> Lorimer, *Gazetteer of the Persian Gulf, Oman and Central Arabia: Volume I (Historical), Part II*, p.2236.

<sup>48</sup> Ibid., p.2227.

<sup>49</sup> Ibid. p.2233-2234.

<sup>50</sup> Ibid., p.2233.

ruler, 50 rupees for the winter months and 100-500 rupees during the summer months. The ship captains and the pearl merchants were also disgruntled because these rules would set the divers free once they had paid their debts in full. In contrast to both views, the political diary of the Gulf residency believed that these rules were good since it would have freed the divers from the power of their captains and pearl merchants which was “oppressive”.<sup>51</sup>

On the tribal front, Shaykh Mubarak was able to strengthen his relations with some important tribes like the Ajman and Mutair during his tenure in the desert at the time of his brothers’s rule. These ties were cemented further by intermarriage. Shaykh Mubarak married the daughter of the Ajman tribe chief Shaykh Dhaidan bin Hathlain,<sup>52</sup> and he also intermarried with the Mutair tribe.<sup>53</sup> Shaykh Mubarak was also able to win the support of various tribes through his ability to arbitrate in cases of disputes, which was a valuable commodity in the unruly desert. In 1907, Shaykh Mubarak imprisoned Shaykh Faisal al-Duwaish, the chief of the Mutair tribe due to demands made by members of the Duwaihi branch of the Zufir tribe - who had good relations with the ruler - to restore their property from him. Al-Duwaish was subsequently released after Shaykh Mubarak collected the fine from him.<sup>54</sup> The following year, Shaykh Mubarak imprisoned the chiefs of two main branches of the Ajman tribe: Shaykh Fuhaid al-Mutalaqam of the Hadi section, and ‘Abd Allah bin Munaikher of the Safran section because of their raids on Shaykh Faisal bin Majid al-Duwaish during June 1908. Both were imprisoned until the restitution was complete.<sup>55</sup>

Shaykh Mubarak was anxious to secure protection from the British as a buffer against the Ottomans. He was finally able finally to secure British protection with the conclusion of the Anglo-

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<sup>51</sup> Political Diary of the Persian Gulf Residency for the week ending 13th (received 22nd) October 1907, L/P&S/7/208, p.2-3.

<sup>52</sup> al-Ghanim, p.3-4.

<sup>53</sup> Lorimer, *Gazetteer of the Persian Gulf, Oman and Central Arabia: Volume II: (Geographical and Statistical) Hinjam-Na‘ala*, p.1075.

<sup>54</sup> Chapter X: Administration report of the Kuwait political agency for the year 1907-8, R15/5/331 p.105.

<sup>55</sup> Chapter X: Administration report for Kuwait for the nine months ending 31 December 1908, R15/5/332 p.98.

Kuwaiti Agreement on 23 January 1899. British protection helped Shaykh Mubarak defend himself against a number of Ottoman attempts to strengthen their influence in Kuwait. The Ottoman administration in Iraq was highly inefficient; it was under-financed and lacked competent personnel. Governors were corrupt since they had minimal fear of being punished by the central authorities at Constantinople, allowing Shaykh Mubarak to buy their loyalties easily through bribes and gifts.<sup>56</sup>

Even when the Ottomans decided to take action against Kuwait, they failed to do so because they lacked a military capable of forcing the shaykh to give in to their demands. Soon after the conclusion of the agreement, the Ottoman authorities decided to send a harbour master to Kuwait who arrived there on 2 September 1899. His stay did not last long as the shaykh decided to deport him forcefully.<sup>57</sup> Soon after that incident, the British consul in Basra noted that the Ottomans were assembling their forces against Kuwait. Lord Salisbury instructed the British ambassador in Constantinople to warn the Ottoman authorities about controlling Kuwaiti customs or establishing an authority there without prior agreement with the British government.<sup>58</sup>

During 1901, the Ottoman authorities tried again to spread their influence in Kuwait and both attempts failed because of the intervention of the British authorities. The first attempt was during August 1901. An Ottoman ship, a corvette called the *Zuhaf*, called on Kuwait on 24 August 1901, during which the British gunboat *Persus* was present too. Shaykh Mubarak refused to accept the Turkish captain's offer to accept Ottoman sovereignty.<sup>59</sup> The outcome was that both the British and the Ottomans agreed to maintain the status quo in Kuwait, and for the British there were no intentions to proclaim a protectorate over Kuwait.<sup>60</sup> Within less than three months, the Ottoman

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<sup>56</sup> Anscombe, p.91-92.

<sup>57</sup> al-Ghanim, p.88.

<sup>58</sup> Ibid., p.88-89.

<sup>59</sup> To Foreign, 26 August 1901, IOR R15/1/474, p. 144a.

<sup>60</sup> From Foreign, 15 September 1901, IOR R15/1/474, p. 198a.



authorities tried again to force their authority over Shaykh Mubarak. They ordered the *naqīb*<sup>61</sup> of Basra to proceed to Kuwait and inform Shaykh Mubarak that he was appointed as a member of the state council at Constantinople with a salary. As such he must proceed there or else be evicted by force from Kuwait.<sup>62</sup> Shaykh Mubarak requested help from the British. In reply, C.A. Kemball the political resident asked him to be more patient, and to give the *naqīb* an evasive answer, and also pointed to the British warships on Kuwait's shores as a clear sign of British help.<sup>63</sup> The Ottoman delegation arrived in Kuwait at the beginning of December carrying with them their government orders, and giving Shaykh Mubarak only three days to reply.<sup>64</sup> This episode ended with the departure of the *naqīb* to Fao in today's southern Iraq empty handed where he filed a report on this incident.<sup>65</sup>

The only local source of worry for Shaykh Mubarak continued to be his nephews and their relative, the merchant Shaykh Yusuf bin 'Abd Allah al-Ibrahim. Their conflict, which lasted ten years until Shaykh Yusuf's death in March in 1906, was an extreme example of mercantile power and influence. Both sides resorted to tactics which included bribing Ottoman officials and contacting the British authorities to score points against each other. Before delving into the events, it is useful to introduce Shaykh Yusuf al-Ibrahim. Al-Ibrahim came from a prominent mercantile family, members of which were among the first to establish their offices in Bombay.<sup>66</sup> The Al Ibrahim family was one of the major pearl merchant groups and it had good relations with prominent figures like the famous jeweller Cartier.<sup>67</sup> As previously mentioned, Shaykh Yusuf was

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<sup>61</sup> *Naqīb (naqīb al-ashraf)*: Honorary position in the Ottoman Empire. The chief representative of the descendants of Prophet Muhammad (pbu) in Basra.

<sup>62</sup> Wratishaw, No.71, 27 November, 1901, IOR R/15/1/474, p.327a.

<sup>63</sup> Kemball, to, Captain Simons, 2 December, 1901, IOR R/15/1/474, p.345a.

<sup>64</sup> Senior officer Persian Gulf, to, Resident at Bushire, IOR R/15/1/474, p.348a.

<sup>65</sup> From Fao, 10 December, 1901, IOR R/15/1/474, p.384a.

<sup>66</sup> Y.Y. al-Ibrahim, *Min al-Shirā'a illā al-Bukhār: Qiṣṣat awwal Sharikāt Milāḥa Bahriyya 'Arabiyya*, (From Sails to Steam: The Story of the First Arabic Shipping Company), Kuwait, al-Rubai'an publishing company, 2003, p.81.

<sup>67</sup> Y.Y. al-Ibrahim, *al-'Alāqāt al-Kūwaītiyya al-Faransiyya*, (Kuwaiti-French Relations), Kuwait, the author, 2006, p.15.

the cousin of the wives of both the former ruler Shaykh Muhammad and his brother Shaykh Jarrah.<sup>68</sup>

Shaykh Yusuf al-Ibrahim fled Kuwait for Dora in Ottoman Iraq once he found out about Shaykh Mubarak's plans to attack him.<sup>69</sup> Ibn Ibrahim's departure from Kuwait marked the beginning of a new phase in his prolonged fight with Shaykh Mubarak. The next step for each side was to contact Ottoman officials to seek their support. Initially, it seems that Shaykh Mubarak was preoccupied with gaining Ottoman recognition and securing the payment of the regular annual subsidy which his brother received before him.<sup>70</sup> Soon after his arrival in Ottoman Iraq, Ibn Ibrahim submitted a petition to Hamdy Pasha, the governor of Basra, against the ruler of Kuwait. The governor ordered the shaykh of Zubair<sup>71</sup> to secretly proceed to Kuwait and collect information in order to justify action against Shaykh Mubarak. The latter found out about the mission, which led to its failure.<sup>72</sup> Shaykh Mubarak countered by trying to bribe the governor of Basra, who rejected his gift.<sup>73</sup> The ruler was also on good terms with Rajab Pasha, the field marshal of the Baghdad army, who was able to convince the authorities at Constantinople of the inadvisability of interfering in Kuwait since what happened there was "something normal in that part of the world".<sup>74</sup>

The next phase of the diplomatic war between both enemies started in 1897, when they decided to approach the British authorities. During February, the Ottoman authorities decided to send a quarantine officer to Kuwait to the dissatisfaction of the ruler, who had recently bribed the newly appointed governor of Basra, Arif Pasha. This incident made the ruler more eager to seek

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<sup>68</sup> Abu Hakima, p.110.

<sup>69</sup> al-Rushaid, *Tārīkh al-Kūwaīt* (1978), p.149.

<sup>70</sup> Anscombe, p.94.

<sup>71</sup> A town in southern Iraq, administratively it followed Basra.

<sup>72</sup> Khaz'al, *Tārīkh al-Kūwaīt al-Siyāsī*, Volume 2 (1962), p.16.

<sup>73</sup> Memorandum by Captain on Kuwait, 22 March 1897, in: Bidwell, *The Affairs of Kuwait 1896-1905*, p.8.

<sup>74</sup> al-Rushaid, *Tārīkh al-Kūwaīt* (1978), p.150.

British protection.<sup>75</sup> Shaykh Mubarak got in contact with the British authorities at Bushehr through the British native agent<sup>76</sup> at Bahrain, Muhammad Rahim Safar.<sup>77</sup> The residency referred this matter to London. It seemed that officials in both the India Office and the Foreign Office were against an increased political role in Kuwait. Prime Minister Lord Salisbury and the foreign secretary seemed to be more willing to cooperate, however. It was agreed to give the shaykh an interview and then wait for the outcome.<sup>78</sup>

Three months later in May, Shaykh Yusuf al-Ibrahim also contacted the British residency at Bushehr explaining that his main motive in protecting the shaykh's nephews was to secure their rights to their fathers' estates.<sup>79</sup> In a sign of his immense wealth, al-Ibrahim took an extreme course of action at the end of June and organised a surprising sea attack on Kuwait. However, the ruler got wind of these plans from a sailor who had been captured by al-Ibrahim's men and was later released on the condition that he would not tell of their master plans.<sup>80</sup> The Ottoman authorities ordered Shaykh Yusuf to leave Basra and his next destination was Bahrain.<sup>81</sup> During his stay in Bahrain, al-Ibrahim contacted the British authorities at Bushehr once more. He was curtly informed that he would not receive any assistance from the British authorities for his schemes.<sup>82</sup>

Shaykh Mubarak finally met with a British official in September 1897 and requested British protection. The request was well received by Colonel Meade, the British Political Resident at Bushehr who pointed to the importance of spreading British influence in Kuwait before the

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<sup>75</sup> Anscombe, p.100.

<sup>76</sup> The native agent was a local who represented the British Political Resident. For the role of the Native Agency System, see: J. Onley, 'Britain's Native Agents in Arabia and Persia in the Nineteenth Century', *Comparative Studies of South Asia, Africa and the Middle East*, 24:1, p.131–141.

<sup>77</sup> Muhammad Rahim Safar, Bahrain, to, Consul Wilson, Bushire, 15 February, 1897, IOR R/15/1/471, p.12a.

<sup>78</sup> al-Ghanim, p.47-8.

<sup>79</sup> Minute by Gaskin, 22 May 1897 IOR, R/15/1/471, p.24b-26b.

<sup>80</sup> al-Rushaid, *Tārīkh al-Kūwaīt* (1978), p.154-6.

<sup>81</sup> 30 July, 1897, IOR R/15/1/471, p.60a.

<sup>82</sup> Meade, Suzabad, to Gaskin. 18 August, 1897, IOR R/15/1/471, p.76a.

Ottomans could encroach further.<sup>83</sup> Although the India Office and the Foreign Office were not willing to offer British protection to Kuwait,<sup>84</sup> within two years Shaykh Mubarak was able to obtain it through the Anglo-Kuwaiti Agreement, which was signed on 23 January 1899. Several incidents during the previous two years had increased British concern about the encroachment of other powers' influence in Kuwait, which finally led to the conclusion of this agreement. First came the Russian intention to build a coal depot in the Gulf in September 1897. Officials like Lord Curzon, who was during that time a parliamentary undersecretary for foreign affairs, used the Russian threat to justify the usefulness of offering Shaykh Mubarak protection.<sup>85</sup> There was still no unanimous agreement, however.<sup>86</sup>

After the coal depot plan came the Russian Count Kapnist railway scheme, which was to start in Aleppo and end in Kuwait. Despite several reports doubting the feasibility, and the profitability, of such a scheme,<sup>87</sup> British officials still feared the Russian threat.<sup>88</sup> In December 1898 it was agreed that if a protectorate was established in Kuwait, administrative responsibility would fall to the Government of India - as long as there were no financial difficulties or other inconveniences in doing so.<sup>89</sup> During that month the concerned departments, the Foreign and India Offices, arrived at an understanding about the importance of acting fast on the Kuwait issue.<sup>90</sup>

Instructions from London were issued to Meade to proceed to Kuwait and conclude an agreement with its Ruler Shaykh Mubarak similar to that signed with the Sultan of Oman on 20

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<sup>83</sup> Meade, to, Loch, Bushire, September. 22, 1897, IOR, R/15/1/471, p.112a.

<sup>84</sup> al-Ghanim, p.54.

<sup>85</sup> Ibid., p.62.

<sup>86</sup> Ibid., p.62-3.

<sup>87</sup> For example, Sir N. O'Connor to the Marquess of Salisbury, Therapia, 6 October, 1898, IOR R/15/1/472, p.78a and Sir N. O'Connor to the Marquess of Salisbury, 8 November, 1898, IOR R/15/1/472, p.84a.

<sup>88</sup> al-Ghanim, p.64.

<sup>89</sup> Bidwell, *The Affairs of Kuwait 1896-1905*, p.31.

<sup>90</sup> al-Ghanim, pp.66-7.

March 1891.<sup>91</sup> The secret agreement was concluded on the 23 January 1899, and the only obstacle the British officials faced was the ruler's brother Shaykh Humud's concerns about his family properties in Ottoman territories.<sup>92</sup> To assure the shaykh, Meade wrote him a letter in which the British offered him their assistance as long as he and his successors honoured the agreement.<sup>93</sup>

Ibn Ibrahim, who remained relatively quiet during those two years after his expulsion from Basra, reappeared again at Ha'il in northwest Saudi Arabia in mid 1900. His new tactic was to forge an alliance with its ruler, Prince 'Abd al-'Aziz ibn Rashid.<sup>94</sup> For the rest of the year, Ibn Ibrahim made Shaykh Mubarak anxious and the shaykh reported the various plans that were being prepared against him to the British authorities. In August 1900 Shaykh Mubarak knew that his enemy had submitted a petition to the Ottoman authorities at Constantinople to convince them to take action against him. Due to his vigilance, Shaykh Mubarak telegraphed the Ottoman authorities before the arrival of the petition and informed them about the alliance of Ibn Ibrahim and Ibn Rashid. The Sublime Porte (the central government of the Ottoman Empire) wrote to Ibn Rashid and ordered him to expel Ibn Ibrahim or else he would be punished.<sup>95</sup>

Ibn Ibrahim's moves during that period did not materialise into any solid military action against Kuwait. However, he resorted to a radically different method in September 1902, in what was known as Lapwing incident. At the beginning of September, the ruler and the British were alerted that al-Ibrahim had set sail towards the island of Failaka,<sup>96</sup> intending to launch a surprise attack. Shortly afterwards there was a dramatic turn in events. It came to the ruler's knowledge that

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<sup>91</sup> 19 January, 1899, IOR R/15/1/472, p.26a-b.

<sup>92</sup> To Foreign, No.10, 30 January, 1899, IOR R/15/1/472 p.34a-37a.

<sup>93</sup> Lt. Col. Meade to Shaykh Mubarak bin Sabah, 23 January, 1899, IOR R/15/1/472, p.33a.

<sup>94</sup> Shaykh Mubarak, to, Political Resident, 27 July, 1900, IOR R/15/1/473, p.50a. This letter was undated and enclosed in an envelope.

<sup>95</sup> Haj 'Ali Ghulum Ridha, Kuwait, to, Haj 'Abbas bin Muhammad Fadhl, Bahrain, 17 August, 1900, IOR R/15/1/473, p.83a.

<sup>96</sup> An island off Kuwait's eastern coast, in the northwest waters of the Gulf.

his nephews had left Dora with 200 men and that they were possibly going to attack Kuwait.<sup>97</sup> The British decided to send their ship, the Lapwing to observe the situation, and both sides clashed on 3 September. The outcome was that six Arabs and one British soldier were killed. Early evidence showed that these boats belonged to Shaykh Yusuf al-Ibrahim. However, it was evident that the Ottomans were not willing to cooperate as they refused to acknowledge Ibn Ibrahim's role.<sup>98</sup> Shaykh Mubarak even suspected that Ibn Ibrahim had bribed the Wali of Basra.<sup>99</sup> The British government was formally informed of this incident by the viceroy of India who demanded that Yusuf al-Ibrahim be punished.<sup>100</sup>

The Lapwing incident was Ibn Ibrahim's final attempt to attack Kuwait. He however continued to regularly irritate the ruler. Despite all the trouble he had caused, Ibn Ibrahim was still able to move and freely and carry on his business. The ruler complained to the British that Ibn Ibrahim had moved from Zubair to Ibn Rashid in Hafar<sup>101</sup> in January 1903 with guns and 400 men. The ruler again informed the British, in March 1903, that some pilgrims on their way to Mecca had seen his enemy going to Ibn Rashid at al-Washm, which is near al-Qasim and Najd.<sup>102</sup> In February 1904, the ruler again wrote to the political resident complaining about both al-Ibrahim and al-Rashid, who were sending negative articles about him to an anti-British Egyptian newspaper called *al-Liwa'a*.<sup>103</sup> Shaykh Mubarak did try once more that year to reconcile with Ibn Ibrahim, requesting the mediation of Shaykh Jasim al-Thani of Qatar, who was in contact with Shaykh Yusuf.<sup>104</sup> Finally,

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<sup>97</sup> Telegram from C.C. Fao, 3 September, 1902, IOR R/15/1/475, p.229a.

<sup>98</sup> Wratislaw, to, H.B.M. ambassador at Constantipole, no.56, 5 September, 1901, IOR R/15/1/475, p.267a.

<sup>99</sup> Cossack, Kuwait, 18 November, 1902, IOR R/15/1/475, p.297a.

<sup>100</sup> Viceroy, to, His Majesty's Secretary of State for India Affairs, No.2465, 13 December, 1902, IOR R/15/1/476, p.113a.

<sup>101</sup> In northeastern Saudi Arabia.

<sup>102</sup> Shaykh Mubarak, to, Political Resident, 11 March, 1903, IOR R/15/1/476, p.140a.

<sup>103</sup> Shaykh Mubarak, to, political resident, 14 February, 1904, IOR R/15/1/476, p.60a.

<sup>104</sup> K. al-Shammiri *al-Mustawd'a wa-l-Mustahdar fi Asbab al-Nizā'i bayn Mubarak al-Sabah wa Yūsuf al-Ibrāhīm 1313 -1312/ 1896-1906* (The Reasons of the Conflict Between Shaikh Mubarak and Shaikh Yusuf al-Ibrahim), Damascus, Dar Ninawa li-l-Dirasat wa-l-Nashr wa-l-Tawzee, 2008, p.275.

the death of Ibn Ibrahim in March 1906 put an end to this decade-long conflict with Shaykh Mubarak.<sup>105</sup>

### **2.3 Economic consolidation and the migration of the merchants**

Due to minimal local opposition, Shaykh Mubarak tried to consolidate his grip over the local economy - in order to finance his own policies - by bribing Ottoman officials and securing the loyalty of various tribes. Lorimer provides a glimpse into the shaykh's finances in 1904 and notes that there was no separation between the privy purse and public finances. Current expenditures were immediately covered by incoming revenues. During that year, Shaykh Mubarak's revenues stood at \$399,000. Customs duties of \$170,000 accounted for nearly half of the revenues, a strong indicator of the role that commerce played in Kuwait's economy. The shaykh's date groves in Ottoman Iraq were another major source of finance, contributing \$108,000. The remaining revenue came from pearl diving taxes which stood at \$60,000,<sup>106</sup> although this number has been disputed.<sup>107</sup> Furthermore, Lorimer claimed that Shaykh Mubarak used to lend money to other merchants at high interest rates which could reach up to 20%.<sup>108</sup>

The British Political Agency's annual reports on Kuwait provided ample evidence about the shaykh's multiple attempts to introduce various taxes, which steadily built up local disgruntlement. In the 1906-7 annual report, the political agent notes that during the preceding years Kuwait town had grown four or five times in size and this could be partly due to the fact that the shaykhs used to

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<sup>105</sup> Ibid., p.277.

<sup>106</sup> Although a source disputed this and informed Lorimer that these were on average \$20,000. Lorimer, *Gazetteer of the Persian Gulf, Oman and Central Arabia: Volume II: (Geographical and Statistical) Hinjam-Na'ala*, p.1076.

<sup>107</sup> In her study of Shaykh Mubarak's reign, al-Ghanim noted that this figure was low when bearing in mind that Lormier mentioned in his report that Kuwait had a pearling fleet of 461 boats that employed 9,200 men. The figures must have been higher since the tax rate was a diver share from the profits of every boat which participated in the pearling season. (al-Ghanim, p.137).

<sup>108</sup> Lorimer, *Gazetteer of the Persian Gulf, Oman and Central Arabia: Volume II: (Geographical and Statistical) Hinjam-Na'ala*, p.1076.

grant lands for free. However, Shaykh Mubarak decided to introduce a new building tax at 75% of the cost of the building, or the shaykh would assume ownership of the property and in return would give 25% of the property value in compensation to the previous owners.<sup>109</sup> Two new dues were also levied on Kuwaiti pilgrims returning from Mecca.<sup>110</sup> These new pilgrimage fees were so high that no men from Kuwait town participated in that year's pilgrimage season to Mecca.<sup>111</sup>

Shaykh Mubarak's heavy taxation policies eventually reached commerce, the major source of income to his purse. In 1907 he increased customs dues to 4% on the value of all goods imports, with certain items like tea subject to an even higher 10% duty. Furthermore, the rate of assessment changed. Whereas previously taxes were levied on the number of packages regardless of the value of goods, under the new arrangements rates were calculated according to the value of goods, much to the dissatisfaction of many merchants.<sup>112</sup> Customs duties were increased in 1905 too, and the increase in some rates was "in some cases to a very great extent".<sup>113</sup>

Not even the pearling sector was spared the shaykh's taxation policy. Initially taxes were first levied on each ship taking part in the pearling season and then on each ship's catch.<sup>114</sup> The pearling industry was the main source of revenue for the public coffers and the main source of employment, so it was not surprising that an attempt was made to extract more revenue from it. The value of Kuwait's pearl exports was 134,700 rupees in 1905-1906.<sup>115</sup> In terms of employment, it provided a livelihood for about half of the Kuwaiti population. Profitability rates of this industry fluctuated from year to year, depending on the circumstances in the global market.<sup>116</sup> Beginning in

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<sup>109</sup> Chapter X. - Administration report of the Kuwait political for the year 1906-7, IOR R1/5/5/330 p. 76.

<sup>110</sup> Ibid., p. 76.

<sup>111</sup> Chapter X: Administration report of the Kuwait political agency for the year 1907-8, IOR R/15/5/331 p. 111.

<sup>112</sup> Ibid., p. 107.

<sup>113</sup> Chapter X. - Administration report of the Kuwait political agency for the year 1905-6, IOR R/15/5/329 p. 86.

<sup>114</sup> S. M. al-Shamlan, *Tārīkh al-Ghawṣ alā al-Lu'lu' fī al-Kūwaīt wa-l-Khalīj al-'Arabī*, (History of Pearl Diving in Kuwait and the Arabian Gulf), Kuwait, 1975, p.319.

<sup>115</sup> Lorimer, *Gazetteer of the Persian Gulf, Oman and Central Arabia: Volume I (Historical), Part II*, p.2253.

<sup>116</sup> Chapter XI: Administration report for the Kuwait agency for the year 1914, IOR R/15/5/338, p.60.



1907, Shaykh Mubarak decided to increase levies on boats taking part in the pearling season. The ruler also banned Kuwaitis from sailing to the Ceylon fisheries before the beginning of the pearling season, as they usually returned to Kuwait unfit to participate in the Kuwaiti pearling season.<sup>117</sup> Participating in the Ceylon fisheries was a habit for some Kuwaiti sailors to supplement their income, but any threat to their ability to participate in the Kuwaiti pearling season meant a financial loss for the shaykh himself due to the drop in revenues gained from the pearl diving tax, and hence they were banned from such practices.<sup>118</sup>

The shaykh's taxation policies went beyond the primary purpose of providing necessary public revenues, and they were even used to finance the marriage of his son and his nephew. In May 1908 his son, Shaykh Hamad al-Mubarak, married the daughter of Shaykh Mubarak's nephew Shaykh Sabah bin Muhammad. The aforementioned Shaykh Sabah also married Shaykh Mubarak's daughter, and these marriages were supposed to end the dispute between the ruler and his nephews which had run on since he killed their fathers and they aligned with Shaykh al-Ibrahim. Also in that month, the ruler's grandson (and former ruler of Kuwait) Shaykh 'Abd Allah al-Salim married his cousin, the daughter of Shaykh Jabir al-Mubarak. These marriages were financed by special subscriptions on the people of Kuwait. Merchants attending these celebrations gave expensive gifts and a further 30,000 Ottoman lira was collected from petty shopkeepers and merchants. The annual report noted that "much discontent was caused by these exactions." The report however concluded that Shaykh Mubarak had managed Kuwait's affairs well, and after the discontent caused by the money gathered for the shaykhs' marriages, "there had been no complaints of injustice or oppression."<sup>119</sup>

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<sup>117</sup> Chapter X: Administration report of the Kuwait political agency for the year 1907-8, IOR R/15/5/331, p.109.

<sup>118</sup> al-Ghanim, p.140.

<sup>119</sup> Chapter X: Administration report for Kuwait for the nine months ending 31 December 1908, IOR R/15/5/332, p.102.

Indeed, there were still no signs of concerted action against the government, nor was any disgruntlement voiced against the ruler's taxation policies. Part of the merchants' tolerance of Shaykh Mubarak's heavy taxation policies arose from the fact that the ruler sometimes took extra measures to protect the interests of the merchants themselves. Several anecdotes exist to show this. The ruler was personally concerned when 'Abd al-Rahman al-Ibrahim, a Kuwaiti pearl merchant in Bombay, went bankrupt. Several stories claim that people actively sought the ruler's help to resolve financial disputes, and he frequently intervened.<sup>120</sup> In one recounted story, the ruler ordered some Kuwaiti pearl merchants to store their pearl stocks with Shaykh Qasim al-Ibrahim, another Kuwaiti pearl merchant in India, due to the slump in the market. Upon their arrival from Bombay the ruler offered them financial assistance to allow them to carry out their commercial activities.<sup>121</sup> Furthermore, some of these funds during the shaykh's final years were being used to finance some public projects, such as the £7,000 water tank ordered from England to carry water from Shatt al-Arab. During that year, Shaykh Mubarak also asked the British to build a proper water supply system in town.<sup>122</sup>

However, there were limits to the shaykh's ability to introduce more taxes and dues on his people without any reaction. The turning point came in 1910 when the ruler ordered Kuwaitis to contribute more towards his expedition against Shaykh Sa'dun of the Muntafiq tribe. The pearling industry had already been severely hit by Shaykh Mubarak's previous measures which had pushed three leading pearl merchants to make the extreme choice to emigrate with their men and valuables from Kuwait.

This event marked the height of concerted internal opposition to Shaykh Mubarak's rule. Shaykh Mubarak's enmity with Shaykh Yusuf al-Ibrahim was personal in its nature, and therefore

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<sup>120</sup> al-Rushaid, *Tārīkh al-Kūwaīt* (1978), p.218.

<sup>121</sup> *Ibid.*, p.219.

<sup>122</sup> Chapter XI: Administration report for the political agency, Kuwait, for the year 1912, IOR R/15/5/336, p.117.

not many Kuwaitis were involved in this episode. This was the first and the final time that merchants would resort to such an extreme tactic to express dissatisfaction with their ruler. The migration of the three pearl merchants was a strong manifestation of the strength of mercantile structural power during the pre-oil era. Merchants' structural power was based on their ability to position themselves as major sources of revenue and employment. The decision to migrate showed the government the dangers of invoking the wrath of the capitalistic class by increasing the ways in which it extracted money from them.

In February 1910, the shaykh called his people to a council of war and informed them of his intention to organise an expedition against an unnamed desert offender.<sup>123</sup> Soon it turned out that the target was Shaykh Sa'dun of the al-Muntafiq tribe, who had raided a caravan and looted some sheep which belonged to Othman al-Rashid, a merchant. Shaykh Mubarak demanded that Sa'dun return what was stolen but the latter refused to do so.<sup>124</sup> As a result, the Shaykh of Kuwait decided to punish Shaykh Sa'dun and ordered his people to participate in the war effort. Kuwait town provided 2,000 men and a further 3,000-4,000 more came from the Mutair tribe alone. Merchants were supposed to provide 160-200 tents which housed seven men and five camels each.<sup>125</sup> There were fears in Kuwait that this expedition might be as disastrous as a previous failed expedition, al-Sarif, had been.<sup>126</sup>

Both sides met on 16 March, in what was called the battle of Hadiya. As expected, Shaykh Mubarak was defeated by Shaykh Sa'dun who stole half of the camels. After his loss, Shaykh Mubarak decided to prepare himself for a counterattack. As part of the war effort, families were ordered to accompany their men to offer them support and encouragement.<sup>127</sup> In this second attempt

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<sup>123</sup> Extracts from the diary no.7 of the Kuwait political agency for the week ending 10 February,1910, IOR R/15/5/26, p. 21.

<sup>124</sup> Administration report of the Persian Gulf Political residency for the year 1910, IOR R/15/5/334, p.93.

<sup>125</sup> Extracts from diary no.7 of the Kuwait political agency for the week ending 16 February,1910, IOR R/15/5/26, p.21.

<sup>126</sup> Ibid. p.22.

<sup>127</sup> Extracts from Kuwait political diary, for the week ending 23 March,1910, IOR R/15/5/26, p.31.

the shaykh further raised the levels of expected contribution. Merchants were now supposed to increase the size of tents to accommodate ten men and seven camels. Carpenters too were asked to produce more saddles due to their scarcity in local markets.<sup>128</sup>

These military preparations had a very negative effect on the Kuwaiti economy. Captain W.H. Shakespear, the political agent in Kuwait, reported that people were disgruntled with these new exactions. He estimated the cost to merchants for assembling the army was about \$351,000, while the cost for the shaykh was \$395,000.<sup>129</sup> Yet more harm was done when the pearling season was postponed and all ship captains and members of their ships were ordered to stay in Kuwait. In May, the pearling ships were allowed to sail on the condition that they provided substitutes to replace them in the war preparations.<sup>130</sup> During that month Shaykh Mubarak's forces stood at 40,000 men, and Shakespear noted the high maintenance costs which he estimated to have been \$60,000.<sup>131</sup>

In mid-April, Shaykh Sa'dun sent three messengers to Shaykh Mubarak to negotiate a compromise.<sup>132</sup> Shaykh Mubarak claimed that Shaykh Sa'dun's peace offers were not serious and therefore he could not trust him.<sup>133</sup> In the meantime, the shaykh's forces were still assembled in the desert. In May, Shaykh Mubarak informed the political agent that he intended to withdraw his forces when the weather was warmer. The reason for the delay was that the majority of Shaykh Sa'dun's forces worked in date gardens and would eventually have to leave their positions to work in the date groves. Furthermore this move was intended to tire the enemy forces, which were horse-

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<sup>128</sup> Extracts from Kuwait political diary, no.13, for the week ending 30 March,1910, IOR R/15/5/26, p.34.

<sup>129</sup> Captain Shakespear, Political Agent Kuwait,to, Political Resident in the Persian Gulf, 30 March,1910, IOR R/15/5/26, p.45a.

<sup>130</sup> Administration report of the Persian Gulf political residency of the year 1910, IOR R/15/5/334, p.97.

<sup>131</sup> Extracts from Diary no. 20, for week ending May 18, 1910, IOR R/15/5/26, p.55a.

<sup>132</sup> Extracts from Diary No. 16 of Kuwait Political Agency for the week ending 20 April, 1910, IOR R/15/5/26, p.51a.

<sup>133</sup> Extracts from Diary No, 21 of Kuwait Political Agency for the week ending 25 May, 1910, IOR R/15/5/26, p.58.

mounted and depended on water.<sup>134</sup> On the flipside however, the patience of some participants in Shaykh Mubarak's forces was wearing thin. There were reports that some tribes within the force had started to raid each other. Some Najdis also told the ruler that they could not stay with him indefinitely, since their families had been left behind without adequate supplies.<sup>135</sup>

The pearling community became increasingly disgruntled with the ruler's financial demands in the aftermath of the Hadiya battle – and more vocal about them. Tensions reached a climax when three leading pearl merchants, Hilal al-Mutairi, Shamlan bin 'Ali and Ibrahim bin Mudhaf decided to leave Kuwait because of Shaykh Mubarak's high taxes. These three leading pearl merchants decided to secretly take their valuables on board their ships and move out of Kuwait. Furthermore, they ordered their ships, which were busy with the pearling season, not to return to Kuwait and to wait at Ra'as Abu 'Ali island off the eastern Saudi coast for further instructions.<sup>136</sup> Both Hilal al-Mutairi and Ibrahim bin Mudhaf proceeded to Bahrain and they were received by the country's ruler Shaykh 'Isa bin 'Ali al-Khalifa who offered to mediate in the situation.<sup>137</sup> Hilal al-Mutairi also promised to write off his followers' debts and build them new houses on the condition that they stayed with him.<sup>138</sup> The permanent migration of these merchants would have had a catastrophic effect on Kuwait's economy. These three merchants were in control of 250-300 ships, employing 6,000-8,000 men onboard, and their revenues were estimated to be 2.5-3 million rupees.<sup>139</sup>

Naturally, Shaykh Mubarak was unhappy with this news and decided to send letters to Bahrain at the beginning of September with Husain bin 'Ali, Shamlan's brother. Nasser al-Badr, an influential figure, also proceeded to Ra'as Abu 'Ali (on Saudi Arabia's east coast, north of Jubail) to

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<sup>134</sup> Draft for approval, Political Agency Kuwait, to, Political Resident, Bushire, 25 May 1910, IOR R/15/5/26, p.59.

<sup>135</sup> Extracts from Kuwait New for Week Ending 3 August 1910, IOR R/15/5/26, p.78-79.

<sup>136</sup> No information on the sender and the receiver, 2 September 1910, IOR R/15/5/18, p.177.

<sup>137</sup> Extracts from Bahrain Diary for the week ending 2 September 1910, IOR R/15/5/18, p.192.

<sup>138</sup> Extracts from Kuwait news for week ending 31 August, 1910, IOR R/15/5/18, p.184-5.

<sup>139</sup> No information on the sender and receiver, 2 September 1910, IOR R/15/5/18, p.180.

negotiate with the rest of the ship captains.<sup>140</sup> The shaykh also decided to disband his forces stationed in the desert.<sup>141</sup> Some locals were happy as they hoped that this development would force the shaykh to relax his economic grip.<sup>142</sup> But Husain bin ‘Ali failed to convince his brother, forcing the ruler to send his son Shaykh Salim to negotiate with the rebellious pearl merchants.<sup>143</sup> Both Hilal and Ibrahim voiced their fears about their safety if they returned to Kuwait,<sup>144</sup> although Shaykh Mubarak assured the British political agent in Kuwait that no one would be harmed.<sup>145</sup> In mid-September Shaykh Salim met with the three merchants in Bahrain and both Shamlan bin ‘Ali and Ibrahim bin Mudhaf agreed to return, while Hilal al-Mutairi refused to do so and demanded more guarantees for his safety, which Shaykh Salim was not able to offer.<sup>146</sup> Shaykh Mubarak eventually went to Bahrain himself during mid-July 1911 and reconciled with Hilal, who promised to return to Kuwait once the pearling season ended.<sup>147</sup> This step came after the shaykh heard the advice of Shamlan bin ‘Ali who reminded him of Hilal’s immense wealth, and the damage that his absence from Kuwait might cause, especially given that he spent some of his wealth on charity.<sup>148</sup>

The migration of the pearl merchants corresponds to displays of structural power by the business sector in non-democratic settings.<sup>149</sup> The administrative apparatus in Kuwait was simple and highly personalised. However governments, regardless of their political background, are dependent on the private sector for the creation of jobs and for revenue, which was also true for Kuwait at that time. Despite Shaykh Mubarak’s ability to raise the various taxes and duties on

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<sup>140</sup> Ibid., p.185-6.

<sup>141</sup> Extracts from Kuwait news for week ending, 31 August,1910, IOR R/15/5/26, p.82.

<sup>142</sup> Extracts from Kuwait news for week ending 31 August 1910, IOR R/15/5/8, p.186.

<sup>143</sup> Extracts from Kuwait news ending 7 September,1910, IOR R/15/5/18, p.187.

<sup>144</sup> Extract from Bahrain diary for the week ending 9 September,1910, IOR R/15/5/18, p.196.

<sup>145</sup> Draft for approval, Kuwait Political Agency. To, Mackenzie, 12 September 1910, IOR R15/5/18, p.194.

<sup>146</sup> Extracts from Bahrain diary for week ending 16 September,1910, IOR R/15/5/18, p.200.

<sup>147</sup>Chapter X Administration report of the Persian Gulf political residency for the year 1911, IOR R15/5/335, p.99.

<sup>148</sup> al-Shamlan, *Min Tārīkh al-Kūwaīt*, p.157.

<sup>149</sup> Winters, p.15-16.

Kuwaitis, there were limits to the extent to which merchants were able to comply with these new financial burdens.

The importance of considering the possibility of capital flight which is in turn related to capital mobility is highly applicable to the Kuwaiti case when considering mercantile structural power.<sup>150</sup> In the classic works on structural power, the option chosen by the business sector was to reduce investment rates.<sup>151</sup> However in the Kuwaiti case, the pearl merchants decided to leave the economy altogether by literally moving out with their assets - which included the sailors under their command. Merchants were aided in their rebellion by the fact that they owned highly mobile assets: boats. These boats were the mainstay of the Kuwaiti economy due to the high revenues generated by the pearling industry. If the rebellion had continued for a significant period of time, the Kuwaiti economy would have been placed under severe financial pressure due to the disappearance of a major source of revenue, which could explain the ruler's decision to personally go and mediate with Hilal al-Mutairi in Bahrain.

The migration of the pearl merchants had significant long-term effects. The event in itself signified the creation of a local political identity. Pearl merchants made it clear that they were driven by financial motives to leave Kuwait, as they could no longer bear their ruler's excessive financial demands. However they informed the political agent that they were, at the end of the day, Kuwaitis. Politically, after this episode they would organise themselves and face the ruler directly rather than leaving the country altogether.<sup>152</sup> It seemed that Kuwaitis had gained political experience as a result of the pearl merchants' migration. This was demonstrated four years later when the people of Basra erupted against Shaykh Khaz'al, the ruler of Muhammara. Khaz'al had offered his

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<sup>150</sup> Ibid., p. 17.

<sup>151</sup> Charles Lindblom, 'The market as prison', *The Journal of Politics*, Vol. 44, No. 2, (May 1982), p.325, and, F. Block, 'The Ruling Class Does Not Rule', *Socialist Revolution*, 33, May-June 1977, p.80.

<sup>152</sup> Crystal, p.25.

assistance to the British forces who ended up occupying the city on 22 November 1914.<sup>153</sup> Shaykh Khaz'al requested military assistance from his friend Shaykh Mubarak, who in turn ordered his son Shaykh Jabir al-Mubarak to send him men and weapons. Locally, a delegation of ship captains, the *nukhidhas* voiced their objection to these orders in a meeting with Shaykh Jabir al-Mubarak on the grounds that they were against Islamic teachings banning fighting against other Muslims. Shaykh Jabir al-Mubarak was shocked, since the rulers were facing another public outrage.<sup>154</sup> Shaykh Mubarak received a Kuwaiti delegation headed by Ibrahim bin Mudhaf, the famous pearl merchant, and he explained to them that he simply needed ships to carry Shaykh Khaz'al and his family should he needed to leave his place.<sup>155</sup> After the meeting, merchants sent their ships to Shaykh Khaz'al at their own expense<sup>156</sup> and these returned to Kuwait later on once the situation in Muhammara had improved.<sup>157</sup>

## 2.4 Conclusion

Shaykh Mubarak passed away on 28 November 1915 and his son Shaykh Jabir al-Mubarak assumed power. Mubarak's era had been a watershed moment in Kuwait's history, and its events had been a radical departure ever since he seized power violently by killing his brothers. Merchants faced a new reality of being governed by a powerful ruler whose taxation demands kept increasing, and they in turn increasingly had to adopt new strategies to voice their demands and dissatisfaction. Given the wealth and control over trade and the pearling industry which sat in the hands of merchants, employing such structural power was the obvious method. An extreme was reached by

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<sup>153</sup> al-Shamlan, *Min Tārīkh al-Kūwaīt*, p.164.

<sup>154</sup> Ibid., p.170.

<sup>155</sup> Ibid., p.175.

<sup>156</sup> Ibid., p.177.

<sup>157</sup> Ibid., p.179.



Shaykh bin Ibrahim whose vast fortunes, coupled with his personal animosity towards the ruler, made him resort to organising attacks and raids on Kuwait. Ultimately such methods failed, and no one else in Kuwait's history resorted to such extreme tactics. The other more sustained action by the merchants was seen in their 1910 emigration. Initially the three pearl merchants resorted to leaving Kuwait altogether with their main assets, workers and boats, as a sign of their dissatisfaction with the ruler's taxation policies. Their act of secession, and the subsequent personal plea by the ruler for them to return, was a clear indicator of the strength of their structural power. Following these events, merchants would work on organising themselves more concretely to achieve their demands. This will be the major theme explored in the following chapters.

### **Chapter 3 1915 -1950: The reign of Shaykh Ahmad al Jaber and the decline of mercantile structural powers**

During the reign of Shaykh Mubarak al-Sabah, the political scene consisted mainly of two actors, the ruler (alongside his family) and the merchants. For the majority of his time in power, Shaykh Mubarak was able to rule Kuwait alone without facing any serious internal challenges to his power. However the migration of the three leading pearl merchants in 1910 showed the ruler the limits of his power. Before that, Shaykh Yusuf al-Ibrahim proved himself for the first ten years of the Shaykh's rule to be an extreme case of mercantile power. Ibn Ibrahim resorted to different tactics which included the organisation of two failed naval attacks on Kuwait.

The focus of this chapter will span the rule of three of Kuwait's leaders. Two of them ruled for brief periods of time, while the third, Shaykh Ahmad al-Jabir al-Sabah, stayed in power for 29 years, from 1921 to 1950. His reign witnessed the beginning of the end of the existence of the historical balance of power formula in Kuwaiti politics. So far, the merchants were still financially independent from the government, and their immense wealth combined with their social status allowing them to exert considerable influence in the decision making process. The Al Sabah family's wealth did not reach to the levels of some mercantile figures' riches, although their financial position improved with their ownership of some date groves in Ottoman Iraq.

When looking at Shaykh Ahmad's reign, it could be said that it was a continuation of his grandfather's one-man rule. There were, however, some major political and economic departures in comparison with Shaykh Mubarak's time. Politically, the merchants had decided from the beginning of Shaykh Ahmad's era to confront the ruler and his family using their structural and instrumental powers. These attempts at political reform revealed some of the major characteristics of the mercantile class. Most of the members who were behind the formation of both the 1921 and 1938 councils came from similar social backgrounds, being Sunni and members of Najdi families (Najd

is a region in modern day Saudi Arabia. Najdi family ancestors were among the first settlers in Kuwait). Members of that assembly or their descendants would go on to participate and staff most of the representative bodies created in Kuwait.

Since the beginning of Shaykh Ahmad's reign, the historical base of the Kuwaiti economy, which heavily depended on pearling and *entrepôt* trade, was gradually eroded. The collapse of the pearl industry due to the worldwide great depression and the advent of cultured Japanese pearls on the global market deprived the merchants of a powerful weapon of income and employment. Their employment pool allowed them to credibly execute any threat of leaving Kuwait, as was the case in 1910.

With the decline of the pearling sector, the Saudi trade blockade which was imposed at the beginning of Shaykh Ahmad's rule compounded Kuwait's economic problems. The annual reports revealed that not even the amir was spared, he ended up reducing his monthly allowance. Despite these tough conditions, merchants were not far from the decision making processes, they participated in the elections of both the education and the municipality councils.

Merchants' first confrontation with the ruler in the 1921 council did not last for long. The major reason for the council's demise was because of its exclusive nature and of the constant quarrels among its mercantile members. This is an important feature of mercantile society and one which would be repeated in the 1938 assembly.

Along similar lines to the previous experiment in 1921, the 1938 council was exclusive in its nature. Most of those who won were either members of the previous assembly or their relatives. The assembly during its short life was able to make some significant achievements, such as the introduction of a basic law which clearly defined its role and gave it wide powers at the expense of the ruler. However the life of this assembly was abruptly ended when the ruler decided to dissolve it. Various reasons have been attributed to its failure. Due to its exclusivity, other segments of Kuwaiti society (such as parts of the Shi'i population) felt dissatisfied with their sidelining. Another

important factor was inter-mercantile conflict, as some merchants were harmed by the assembly and decided to join the opposition.

This was a final attempt in which merchants would exert such control over decision making. Shaykh Ahmad was able to rule alone for the rest of his reign with the assistance of appointed consultative councils made up of mercantile representatives. By the end of Shaykh Ahmad's time, a major development had occurred which was the beginning of the export of Kuwaiti oil. Oil would be the catalyst behind the major changes which would be witnessed during the eras of Shaykh Ahmad's successors, however during his reign revenues were small and sufficient to cover Kuwait's basic needs without altering the historic political order.

This chapter will focus on detailing the historical accounts of these major events. The historical account of these major events helps address some of the research questions introduced in the introduction of this thesis regarding the nature and exercise of power by the merchants during this time period. Merchants were able to exert their influence by still utilising both their structural and instrumental powers. Their structural power was still based on their immense wealth and vast commercial interests, which allowed them to position themselves as the major sources of finance and employment in Kuwait. However, the mercantile structural power started to wane due to the collapse of the pearl industry during the 1920s. The Saudi trade blockade also exacerbated their economic problems further. Nevertheless, the government was still financially dependent on the commercial activities of the mercantile class for its income as oil concession payments still did not reach to substantial amounts. This financial dependence gave the mercantile class strong structural power which allowed it to push for more political reforms.

Merchants were also able to secure more political concessions by using their instrumental powers. When practicing these powers these merchants had a portfolio of strategies to choose from, and during these historical eras their main choice was direct lobbying to the ruler. Their instrumental powers were also intimately related to their structural powers. Mercantile wealth

alongside their superior status at the apex of the Kuwaiti social hierarchy afforded them special access to the ruler, who in turn was dependent on their advice.

Another research inquiry is the major characteristics of this politicised mercantile class, including the divergences and quarrels existing among members of this closely-knit class, and their exclusivity. As shall be seen, both their inner quarrels and their exclusive nature were one of the main reasons behind the demise of their attempt to wrest power during the 1921 and 1938 councils.

### **3.1 Setting the economic scene**

During the time period covered in this chapter, Kuwait underwent extreme economic swings, which included the disintegration of the main economic industry of pearling and entrepôt trade. According to British annual trade reports, pearling was still the main source of living for half of the Kuwaiti population, despite the harsh prevailing working conditions.<sup>1</sup> There were several factors which could explain the decline of the vital pearling industry. On the pearl divers' side, the reports reveal that the Kuwaiti fleet of 700 pearling ships did not fully participate in some seasons due to labour shortages. Sailors in some cases, like in 1917-8, were able to find attractive job opportunities elsewhere in both Basra and Najd,<sup>2</sup> and this was also the case in 1920-1921 when Basra witnessed an increase in the supply of jobs.<sup>3</sup> In 1932 only 250 ships sailed and some pearl divers refused to participate because of the minimal allowances forwarded to them by pearl merchants.<sup>4</sup> By 1948 when Kuwait became an oil exporter, only 33 ships participated in the pearling season.<sup>5</sup>

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<sup>1</sup> Kuwait trade report for 1917-1918, IOR R/15/5/74, p.4.

<sup>2</sup> Ibid., p.6.

<sup>3</sup> Kuwait Trade Report for 1921-1922, IOR R15/5/74, p.113.

<sup>4</sup> Chapter IX: Administration Report of the Kuwait Political Agency for the Year of 1932, IOR R15/5/356, p.53.

<sup>5</sup> Annual Administration Report of the Political Agency, Kuwait for the Year 1948, p.38, found in *Persian Gulf Administration reports 1873-1957: Volume XI, 1948-1957*, Gerrards Cross, Archive Editions, 1989.

For the merchants, the discovery of Japanese cultured pearls also led to the collapse of this sector in Kuwait. Since the beginning of the second decade of the twentieth century, pearl merchants had expressed their fears about the damaging effects of the Japanese cultured pearls.<sup>6</sup> By the end of that decade, the Great Depression worsened further the pearl merchants' woes, as international demand for luxury items including pearls fell down. In 1933 Haji Shamlan bin 'Ali, a leading pearl merchant, was still not able to dispense with his 1928 pearl stock.<sup>7</sup> Other leading pearl merchants also resorted to taking loans from the ruler, Shaykh Ahmad.<sup>8</sup>

Alongside the disintegration of the pearl industry the Saudi trade blockade, which started in 1921 and will be discussed later on, compounded Kuwait's economic woes further. Both sides entered into lengthy negotiations that dragged on during the 1930s, with an agreement finally reached in 1942. During those hard and tough years, Kuwait's finances suffered severely. Customs revenues fell from 800,000-200,000 rupees and, according to the 1932 annual report, Kuwait lost about 75% of its customs revenues since the beginning of the blockade.<sup>9</sup> Imports, which are a good indicator of the prosperity of a nation, fell constantly during the 1920s, from £1,112,909 in 1921-2<sup>10</sup>, to £347,595 in 1926-7.<sup>11</sup> Nonetheless, Kuwait still maintained its liberal trade policy, a 4% ad valorem duty on imports, and a 4% export duty on some goods.<sup>12</sup>

No one was spared these hardships. Shaykh Ahmad, ruling in 1931, started to economise by limiting his monthly allowance to 1,500 rupees,<sup>13</sup> and in the following year he decided to cut the

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<sup>6</sup> Kuwait Trade Report for 1921-1922, IOR R15/5/74, p.154.

<sup>7</sup> Chapter IX: Administration Report of the Kuwait Political Agency for the year of 1933, IOR R15/5/357 p.62.

<sup>8</sup> Political Agency Kuwait, to, Political Resident Bushire, D. O. No. 269, 28 June 1930, IOR R15/5/505, p.29. The document stated that Haji Shamlan had took a loan of Rs. 200.000 from the ruler.

<sup>9</sup> Chapter IX: Administration Report of the Kuwait Political Agency for the Year of 1932, IOR R15/5/356 p.56.

<sup>10</sup> Kuwait Trade Report, for 1921-2, IOR R15/5/74, p.153.

<sup>11</sup> Kuwait Trade Report for 1926-7, IOR R15/5/74, p. 269.

<sup>12</sup> Kuwait Trade Report for 1925-6, IOR R15/5/74, p.220.

<sup>13</sup> Chapter IX: Administration Report of the Kuwait Political Agency for the Year of 1931, IOR R15/5/355, p.55.

food allowances of members of his own family.<sup>14</sup> Merchants too were negatively affected. According to a report by the political agent, some leading merchants were indebted to the ruler. For example ‘Abd Allah al-Saqr’s debts stood at 95,000 rupees.<sup>15</sup> The British noted that Shaykh Ahmad did his best to convince some merchants to stay in Kuwait.<sup>16</sup> In other cases these annual reports noted that some merchants left to nearby towns like Jubail in Saudi Arabia, but overall it seems that most merchants remained within the country.<sup>17</sup>

Trade relations between both Kuwait and the Kingdom of Saudi Arabia resumed in 1942 after both sides signed three agreements of friendship, *bon voisinage*, and extradition. Economic conditions began started to improve, and the Kuwaiti economy also received a boost during World War II. British officials concluded in their annual reports during the 1940s that Kuwaiti merchants were faring well, and were busier with their businesses which were making handsome profits for them.<sup>18</sup>

In 1946 Kuwait witnessed a major event that would change the face of the country during the next few decades. The first commercial shipment of Kuwaiti oil was exported. During the final years of Shaykh Ahmad’s rule the government started to expand the services it offered to Kuwaitis. By the end of 1947, for example, the education system absorbed 2,075 boys and 648 girls, and the government’s budget for education was 700,000 rupees.<sup>19</sup> In contrast, 35 males and 20 females had graduated from schools in 1937.<sup>20</sup>

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<sup>14</sup> Chapter IX: Administration Report of the Kuwait Political Agency for the Year of 1932, IOR R15/5/356, p.50.

<sup>15</sup> Political Agency Kuwait, to, Political Resident Bushire, C113, 17 March 1939, IOR R15/5/114, p.123.

<sup>16</sup> Chapter IX: Administration Report of the Kuwait Political Agency for the Year of 1931, IOR R15/5/355, p.55.

<sup>17</sup> Kuwait Trade Report for 1925-6, R15/5/74, p.220.

<sup>18</sup> Chapter V: Administration Report of the Kuwait Political Agency For the Year 1941, IOR R15/1/719, p.2.

<sup>19</sup> Annual Administration Report of the Political Agency, Kuwait For the Year 1947, p.3, found in *Persian Gulf Administration reports 1873-1957: Volume X: 1941-1947*, (Gerrards Cross: Archive Editions, 1986).

<sup>20</sup> Chapter V: Administration Report of the Kuwait Political Agency For the Year 1937, IOR R15/5/361, p.36.

### 3.2 A continuation in the footsteps of Shaykh Mubarak rule

Shaykh Jabir al-Mubarak assumed power on 28 November 1915. His rule was brief. He died on 5 February 1917 and his brother, Shaykh Salim al-Mubarak, became Kuwait's eighth amir. Since then, successive amirs have been descendants of Shaykh Jabir and Salim. His rule was like that of his predecessor – brief. However, during his time Kuwait experienced several turbulent events, notably changing relations with Ibn Saud, and the attacks on Hamdh and Jahra.

Indeed, security was a major issue during Shaykh Salim's final years. In 1920, Ibn Shuqair from the Mutair tribe decided to settle with his followers at Jariyah, which was within Shaykh Salim's territory.<sup>21</sup> Soon both sides clashed in what was known as the battle of Hamdh in May.<sup>22</sup> The Shaykh decided to build a new wall to protect his town from future attacks.<sup>23</sup> Financially, according to Husain Khalaf Shaykh Khaz'al Kuwait's losses were estimated to be at 130,000 golden lira.<sup>24</sup>

In an attempt to solve all the problems, including the boundary issues between him and Ibn Saud, Shaykh Salim requested British help and acknowledged that he would accept the decisions made by the British to mediate.<sup>25</sup> Sir Percy Cox, the High Commissioner at Baghdad agreed to appoint an arbitrator and both sides should refrain from taking any action.<sup>26</sup> British officials decided that the commission would look into both the Ibn Duwaish attacks and the frontier issue, a major source of friction with Ibn Saud<sup>27</sup> and both the Kuwaiti and the Saudi sides agreed.<sup>28</sup>

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<sup>21</sup> Political Agent Kuwait, to, Civil Commissioner, No.28/c, 18 April,1920, IOR R/15/5/99, p.14.

<sup>22</sup> To Civil Commissioner Baghdad, 20 May, 1920, IOR R/15/5/99, p.25.

<sup>23</sup> To Civil Commissioner, No.39 C, 2 June,1920, IOR R/15/5/99, p.32.

<sup>24</sup> Khaz'al, *Tārīkh al-Kūwaīt al-Siyāsī*, (Kuwait Political History) Volume 5 (1970), p.13.

<sup>25</sup> Political Kuwait, to, Civil Commissioner, No. 76c, 15 August, 1920, IOR R/15/5/99, p.111.

<sup>26</sup> High Commissioner Baghdad, to, Political Kuwait, No.9996, 19 August, 1920, IOR R/15/5/105, p.1.

<sup>27</sup> To Shaikh Salim, No.670, 8 September, 1920, IOR R/15/5/105, p.34.

<sup>28</sup> Shaikh Salim's acceptance in Arabic, IOR R/15/5/105, p.51, and Ibn Saud, to, Political Agent Bahrain, 5 September, 1920, p.65.



Soon after this positive development a disastrous one occurred. At the beginning of October a reliable source informed the political agent at Kuwait that he saw a large Ikhwan<sup>29</sup> force leave Wafra towards Subaihiya. After receiving this news of a possible attack, Shaykh Salim proceeded towards Jahra.<sup>30</sup> Both sides met on 10 October in what was known as the battle of Jahra. On 11 October, Faisal al-Duwaish, the Ikhwan leader, presented a peace offer to the Kuwaitis who were captured in a fort and the siege was finally lifted the next day.<sup>31</sup> After the end of the battle, Ibn Duwaish sent his messengers to Kuwait, and they met with the wealthy pearl merchant Hilal bin Fajhan al-Mutairi, and they demanded that all Kuwaitis should be Ikhwan.<sup>32</sup> However by the end of October the Ikhwan threat disappeared as their presence dwindled in both Subaihiya and Wafra.<sup>33</sup>

On 23 February 1921 Shaykh Salim passed away. As soon as news of this reached Ibn Saud, he announced that there were no conflicts - which were mainly on boundary issues - with Shaykh Salim.<sup>34</sup> In December 1922, the issue of the Kuwaiti borders with Najd was finally settled with the Uqair agreement.<sup>35</sup>

### **3.3 The 1921 council: Demanding a greater share in power**

1921 also witnessed another significant development. A new consultative council was formed in response to mercantile pressure for more say in ruling matters. The idea of creating an advisory council was floated days before Shaykh Salim's death, apparently by local merchants.

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<sup>29</sup> General information regarding Kuwait; description by Col. Dickson, Misc. Notes Who's Who, IOR R/15/5/179, p.37, Colonel Dickson's account of the Ikhwan which was a conservative Islamic movement.

<sup>30</sup> Political Agent Kuwait, to, Political Bushire, No.117c, 8 October, 1920, IOR R/15/5/105, p.86.

<sup>31</sup> Administration Report for the Kuwait Agency 1920, IOR R/15/5/344, p.77.

<sup>32</sup> Political Kuwait, to, High Commissioner, No.135c, 19 October, 1920, IOR R/15/5/105, p.114.

<sup>33</sup> Political Kuwait, to, High Commissioner, No.167-c, 31 October, 1920, IOR R/15/5/105, p.186.

<sup>34</sup> Political Kuwait, to, High Commissioner, No.51c, 11 March, 1921, IOR R/15/5/100, p.145.

<sup>35</sup> Major J.C. Moore, to, Shaykh Ahmad al-Jabir, 22 January, 1923, IOR R/15/5/100, p.205, and p.206 in Arabic the document states the boundaries of Kuwait with Saudi Arabia.

According to the political agent in Kuwait, there were rumours about a delegation meeting with Shaykh Salim and requesting him to form a council which consisted of six merchants and presided over by Shaykh Ahmad al-Jabir. Major Moore, the agent, believed that a leading merchant was behind this idea.<sup>36</sup>

Soon after Shaykh Salim al-Mubarak's death, Kuwaiti notables approached the al-Sabahs to prevent any misunderstanding between them, and to demand some political reforms. The delegates demanded the formation of an advisory council or a 'majlis' to assist the ruler in matters of politics, as they would not accept any kind of absolute rule. They also mentioned that they would not enter into any more wars initiated without their consent. Present in the meeting were Shaykh 'Abd Allah al-Salim al-Sabah, the former ruler's son and Shaykh Hamad al-Mubarak al-Sabah, the former ruler's brother. The delegation submitted to the ruling family a petition which required them to choose one of three candidates to be the next ruler who would preside over the proposed consultative council. These were: Shaykh Ahmad al-Jabir, the former ruler's nephew; the aforementioned Shaykh 'Abd Allah al-Salim; and, Shaykh Hamad al-Mubarak. The petition also stated that any decision would be presented to the British authorities for ratification. Finally, the council members would be chosen through elections.<sup>37</sup> Shaykh Ahmad al-Jabir returned to Kuwait by the end of March. He met with notables there and agreed on a series of reforms. These reforms included using Islamic law to issue verdicts and taking on people's advice on all important matters.<sup>38</sup>

Members of the 1921 council were mainly from the mercantile class and they were: Hamad al-Saqr (president); Shaykh Yusuf bin 'Isa al-Qina'i; Ahmad al-Fahad al-Khalid; Sayyid 'Abd al-Rahman al-Naqib; Masha'an al-Khudair al-Khalid; Ahmad al-Humaidhi; Marzuq al-Da'wud al-

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<sup>36</sup> Political Agent Kuwait, to, High Commissioner Baghdad, 10 February, 1921, IOR R/15/5/100, p.138.

<sup>37</sup> Political Agent Kuwait, to, High Commissioner Baghdad, 47-C, 24 February, 1921, IOR R/15/5/180, p.6.

<sup>38</sup> What Shaykh Ahmad and his people agreed on, 16 Rajab, 1339 Hijri, translation in pages 15-6, IOR R/15/5/180, p. 16.

Badr; Shamlan bin ‘Ali bin Sayf; Hilal bin Fajhan al-Mutairi; Ibrahim bin Mudhaf; Khalifa bin Shahin al-Ghanim; and, ‘Abd al-‘Aziz al-Rushaid.<sup>39</sup>

During its short tenure the council tried to introduce some changes in the judiciary, such as the election of members from the Al Sabah family and the notable class to scrutinise all verdicts issued.<sup>40</sup> However this new consultative council did not last long. Shaykh ‘Abd al-‘Aziz al-Rushaid, a Kuwaiti historian and a member of the council, stated that Shaykh Ahmad al-Jabir was not responsible for its demise.<sup>41</sup> Husain Khalaf al-Shaykh Khaz’al noted that members stopped attending the sessions because of their quarrels, sending their sons in their place.<sup>42</sup> Furthermore, the political agents received anonymous letters suspected to be from merchants themselves that heavily criticised the assembly.<sup>43</sup> The majlis was doomed by the quarrelling and between its own members.

The 1921 council witnessed the formal introduction of the politicised mercantile community in a manner that went beyond the decision of the three leading pearl merchants in 1910 to migrate from Kuwait.<sup>44</sup> Merchants used both their structural and instrumental powers to push for the formation of the 1921 council. Economically, the government was still dependent on merchants for revenues as oil had not yet been discovered. This financial dependence on merchants gave them high structural powers that allowed them to impose their will on the government. The 1910 experience with the migration of the three leading pearl merchants revealed to the government the dangers of earning the merchants’ wrath by introducing harsher economic measures to finance its

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<sup>39</sup> al-Rushaid, *Tārīkh al-Kūwaīt* (1978), p.277.

<sup>40</sup> Khaz’al, *Tārīkh al-Kūwaīt al-Siyāsī*, Volume 5 (1970), p.14.

<sup>41</sup> al-Rushaid, *Tārīkh al-Kūwaīt* (1978), p.278.

<sup>42</sup> Ibid., p.14-17. Care should be taken when considering Shaykh Khaz’al’s accounts because his book was banned in Kuwait.

<sup>43</sup> Records show that the political agent received an anonymous letter which heavily criticised the assembly and members accused Shaykh ‘Abd al-‘Aziz al-Rushaid of being behind the letter. However Shaykh Yusuf bin ‘Isa, a judge and merchant himself, defended al-Rushaid, and was able to identify the sender from his handwriting although he did not disclose his name. For more, see: ‘A..K. al-Hatim, *Min Hunna Bada’at al-Kūwaīt*, (Kuwait Began Here), Damascus, al- Matba’a al-Umamiyya, 1961, pp.243-5.

<sup>44</sup> Crystal, p.41.

military expeditions. The migration of these pearl merchants threatened the government with a severe financial crisis due to the loss of revenues supplied by these rebellious merchants. Along similar lines to the 1910 events, merchants expressed their dissatisfaction to the ruling family about the constant wars they were involved in. Shaykh Ahmad's only option during that time was to give in to the mercantile demands in order to secure their financial and political support.

The merchants' success in creating the 1921 council could also be attributed to their instrumental powers. These powers were clearly manifested in their direct lobbying to the ruler. Petitioning the ruler was the main option chosen by the merchants from their portfolio of instrumental powers. The strength of their instrumental powers could be seen in their demands to the ruling family to choose their next ruler from a list of candidates which they presented to them. It is also significant that they were able to include high ranking ruling family members as part of their lobbying team for reform in 1921, including a future amir, a feature that would reoccur in the 1938 council.

Some of the main features of the politicised mercantile community emerged during the council and these features would regularly reoccur at different intervals in the future, being a source of both strength and trouble for the merchants. One of the main aspects is the exclusivity of the council and its near-clique formation with respect to merchants. The majority of members shared common social backgrounds: they descended from wealthy families that belonged to prominent Arab tribes that in some cases were among the first settlers of Kuwait, and religiously all of them came from the Sunni sect of Islam. The outcome was an isolated wealthy political class which did not represent the Kuwaiti population. During that period the majority of Kuwaitis were left out of the political formula, and those who worked in the pearl industry did not have much leverage or power due to their high dependence on their employers.

### 3.4 Merchants faring through tough economic conditions

Shaykh Ahmad's next task was to deal with his country's economy, which was performing poorly compared with how it had been during the rule of his grandfather, Shaykh Mubarak. As mentioned previously, in 1921 the Saudi government announced the imposition of severe trade restrictions for dealing with Kuwait. This decision was made on a purely economic basis in order to divert more trade to the ports of Ahsa, Jubail, and Qateef. The Saudis put forward several proposals for the resumption of trade which included an annual payment from the Kuwaiti government and the appointment either of a Saudi customs official at Kuwait or of a Kuwaiti one to collect the dues on their behalf. These demands were rejected<sup>45</sup> and Shaykh Ahmad decided to send the Heir Apparent Shaykh 'Abd Allah al-Salim to negotiate with the Saudis. He also sent his messenger who carried a letter written by Shaykh Yusuf bin 'Isa al-Qina'i, but both efforts were unsuccessful.<sup>46</sup>

It was not until the beginning of the 1930s that an attempt was made to solve this issue. In August 1931 a meeting was held between officials from the Foreign and Colonial offices, as well as other British officials situated in the Gulf, and it was agreed on the importance of solving this dispute quickly.<sup>47</sup> They also pointed out that Shaykh Ahmad had promised to waive all his claims against the Saudi Arabian government in relation to the damages caused by the Ikhwan attacks during the previous decade, these stood at 1,450,000 rupees in return for the resumption of normal trade relations.<sup>48</sup>

Colonel Biscoe, the Political Resident at the Gulf visited Ibn Saud again in February 1932 and raised the trade issue. He told him that Kuwaiti customs receipts had dropped from 8 to 2 Lakhs

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<sup>45</sup> al-Rushaid, *Tārīkh al-Kūwaīt* (1978), p.67.

<sup>46</sup> al-Shamlan, *Min Tārīkh al-Kūwaīt*, pp.229,304.

<sup>47</sup> Draft record of a meeting held at the Foreign Office on August 21,1931 to consider certain questions connected with Kuwait. IOR L/P&S/12/3732, p.540.

<sup>48</sup> Ibid., p.547.

in rupees and that a solution was needed to end this situation. The king suggested that a committee of well-known merchants from each side be formed to look into this matter.<sup>49</sup> Shaykh Ahmad agreed to this proposal, but still favoured his earlier idea of a manifest system and custom points on the frontier border.<sup>50</sup> Eventually Shaykh Ahmad was advised by the British government to abandon these claims<sup>51</sup> and he decided in January 1935 to waive all claims except his personal loan.<sup>52</sup>

The Saudi delegation arrived at Kuwait in June 1935 to launch negotiations<sup>53</sup> and it consisted of Khalid Abu al-Walid, Hamad al-Sulaiman, and ‘Abd Allah al-Qusaibi. The Kuwaiti members were: Ahmad al-Humaidhi, Muhammad al-Thunayyan al-Ghanim, Khalid al-Zaid who replaced Jasim Budai due to his death. All of these were mercantile figures.<sup>54</sup> The proceedings of the commission meetings were closed at the end of June without reaching a compromise.<sup>55</sup> Despite the failure of the commission, both sides entered into lengthy negotiations and three agreements were signed on 20 April 1942 dealing with friendship, *bon voisinage* and extradition. The signatories were the British minister in Jeddah on behalf of Kuwait and Shaykh Yusuf Yasin on behalf of the Saudi Arabian government.<sup>56</sup>

Ben Ross Schneider in his research on Latin American countries noted that officials would consider collaborating more with businesses during times of crisis. In cases like major trade disruptions, governments would prefer to hold regular consultations with those who are concerned, which was the case with Shaykh Ahmad with the leading members of the mercantile class during

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<sup>49</sup> Biscoe, to, Secretary of State for the Colonies, No.3, 5 Feb. 1932. IOR L/P&S/12/3732, p.532-538.

<sup>50</sup> Shaykh Ahmad, to, Dickson, 10 Apr. 1932, IOR R/15/5/109, p.63b.

<sup>51</sup> India Office, to, Colonial Office, P.Z. 1314/33, 23 March, 1933, IOR R/15/5/109, p.222.

<sup>52</sup> Political Agent Kuwait, to, Sh. Ahmad, 18 January, 1935, IOR R/15/5/110, p.171.

<sup>53</sup> Political Kuwait, to, British consul Bushire, No.184, 16 June, 1935, IOR R/15/5/111, p.121.

<sup>54</sup> Political Kuwait, to, Political Resident Bushire, c-190, 18 June, 1935, IOR R/15/5/111, p.130.

<sup>55</sup> Political Kuwait, to, Political Resident, No. C-219, 29 June, 1935, IOR R/15/5/111, p.208.

<sup>56</sup> Political Agent Kuwait, to, Political Resident, No. 560, 4 June, 1942, IOR R/15/5/115 part 2, p.269.

the trade blockade failed negotiations.<sup>57</sup> Schneider argued, however, that if governments felt confident about their ability to deal efficiently with the crises, they could simply bypass business associations.<sup>58</sup> In Kuwait however, the government was still highly dependent on customs revenues as its main source of finance, which made the decision to seek some assistance from the mercantile community a reasonable option. This was particularly the case since merchants, particularly in a society with low literacy and education such as pre-oil Kuwait, were naturally the most experienced and skill-endowed for dealing in matters of trade and commerce. Furthermore, merchants were still able to exert their influence over Shaykh Ahmad through their informal links and direct access to his majlis (court). Hence, the instrumental powers of higher levels of skills and experience as well as direct access to the ruler combined with their structural power of capital ownership and employment control to give the merchants a strong say in both political (as was witnessed in the 1921 council) and commercial matters (as was witnessed in the trade negotiations with the Saudi government).

By the time the trade blockade issue was on its way to being settled in 1938, Kuwait had gone through major economic change. As already mentioned, the pearl industry, which had been its main source of revenues for centuries, was destroyed.<sup>59</sup> The collapse of the pearling industry severely damaged the merchants and weakened their structural powers. The collapse had double effects on the merchants. It harmed them financially due to the drop in their revenues which in turn, and more importantly, negatively reflected on their ability to provide sufficient finance for the pearling season. This was a major development, according to Crystal, which affected the political standing of merchants. Due to their inability to sustain the livelihood of those who depended on

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<sup>57</sup> B.R. Schneider, *Business Politics and the State in the Twentieth Century Latin America*, Cambridge, Cambridge University Press, 2004, p.27.

<sup>58</sup> Ibid., p.123.

<sup>59</sup> Crystal, p.4.

them, merchants lost a powerful token of pressure which they could have used to voice their dissatisfaction with government policy.<sup>60</sup>

Despite these tough economic conditions, merchants continued to influence public life in Kuwait through their demands for the creation of service-oriented councils such as the education and municipality councils. Khalid al-‘Adsani, a former ambassador, secretary of the 1938 council, and later on a minister for commerce and industry, provided in his unpublished memoirs an account of mercantile performance during these hard years. The fact that he witnessed these events and was in contact with some mercantile figures who were behind some reforms justifies the focus given to his memoirs in the following paragraphs.

Merchants started off their drive for reform during the blockade years with their suggestion to Shaykh Ahmad to form a municipal council in 1930. According to Khalid al-‘Adsani, merchants were motivated by Bahrainis’ experience with their own municipal council. The major sources of finance for the council were 4% customs fees, alongside a voluntarily mercantile imposed 0.5% fee on the value of their imports. Hence, the merchants were in effect self-financing this council. Since the beginning of this experience al-‘Adsani claimed that there were some senior corrupt officials who tried to impede its progress. They convinced the ruler, for example, not to allow the newly-formed municipal council to appoint a customs collector because they feared their activities in that department would be exposed.<sup>61</sup> Al-‘Adsani heavily criticised the role played by the ruler’s secretary, Mulla Salih al-Mulla, who according to him helped fuel inter-mercantile conflict.<sup>62</sup>

The merchants’ second means to introduce reform was the creation of the education council in 1936. They were able to convince Shaykh Ahmad to impose a 0.5% levy on imports to finance the council, which once again made the merchants one of the main sources of state finance.

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<sup>60</sup> Ibid., p.11.

<sup>61</sup> K.S. al-‘Adsani, *Mudhakkirāt Khālīd Sulaimān al-‘Adsānī* (Khalid Sulaiman al-‘Adsani’s Memoirs) <http://adsanee.8m.com/>. Accessed on 28 July 2014.

<sup>62</sup> Ibid.



According to Shaykh Yusuf bin ‘Isa al-Qina‘i, spending on education had decreased prior to the formation of the council, which could explain the merchants’ intervention.<sup>63</sup> ‘Abd Allah al-Saqr, a member of a wealthy mercantile family, and Muhammad al-Ghanim were the leading figures who supported the formation of the council, according to al-‘Adsani. This was in a similar vein to what happened with the municipal council: al-‘Adsani claimed that Mulla Salih played a negative role in the creation and in the election process of the council. Mulla Salih later on instigated a petition which called for the dissolution of the council which was later suspended.<sup>64</sup>

The formation of the education and the municipality councils was an outcome of the merchants’ utilisation of their structural and instrumental powers. By the time the municipal council was created, mercantile structural power was on the wane in comparison with the 1921 events due to the collapse of the pearl industry and the Saudi trade blockade. However, merchants were still the main source of revenue for the government. According to the British annual report of 1933, Shaykh Ahmad told the political agent that after six years the customs receipts were finally sufficient to finance the civil list,<sup>65</sup> a clear indicator of the heavy reliance on mercantile capital.

Merchants structural power allowed them to secure the ruler’s assent to manage some public funds, such as the 0.5% import levies which were used to finance the council. Their wealth allowed them to present themselves as an efficient alternative for the provision of some public services. Delegating the administration of some official funds is a normal practice in some developing countries due to their governments’ weak administrative capacities and widespread corruption. This point is emphasised by Biddle and Milor in their research focusing on the Turkish government’s decision to allow the GSD Ready Wear Manufacturers’ Foreign Trade-Joint Stock Company to

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<sup>63</sup> al-Qina‘i, *Multaqatāt*, (Selections), Kuwait, 1988, p.229.

<sup>64</sup> al-‘Adsani, *Mudhakkirāt Khālīd Sulaimān al-‘Adsānī* <http://adsanee.8m.com/>. Accessed on 28 July 2014.

<sup>65</sup> Chapter IX: Administration report of the Kuwait Political Agency for the year 1933, R15/5/357, p.59.

administer textile quotas and control the distribution of other incentives.<sup>66</sup> The Turkish incentives regime was not transparent enough and the government itself was not capable of efficiently running the system, which made it more attractive to transfer some functions to the Ready Wear company.<sup>67</sup> The same also could be said about the Kuwaiti case. Kuwait's administrative apparatus during the 1930s was still basic and rudimentary. These facts were highlighted in a lengthy report sent by British Political Agent Captain De Gaury to the political resident in 1938. According to the report, the ruler had employed several people who were not popular with the locals. Administratively, Shaykh 'Abd Allah al-Jabir, a distant cousin of the ruler, held several posts simultaneously: he was the president of the municipality, the head of the magistrates, the chief of police, the director of education and the collector of land customs.<sup>68</sup> In his report, the agent listed some of the main complaints, which included poor education and health facilities, issues with the municipality elections, and the absence of a badged police force.<sup>69</sup>

Besides their structural power, merchants utilised their instrumental powers too by lobbying the ruler directly for the creation of these councils. During these events, merchants' main option in their portfolio of political investments remained direct lobbying of the ruler. Merchants' instrumental powers remained unchallenged during that period due to the absence of any other powerful contenders in the political arena that might have also competed with them for privileged access to the ruler.

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<sup>66</sup> J. Biddle and V. Milor, 'Economic Governance in Turkey: Bureaucratic Capacity, Policy Networks and Business Associations' in S. Maxfield and B.R. Schneider (eds.), *Business and the State in Developing Countries*, Ithaca, Cornell University Press, 1997, p.302-304.

<sup>67</sup> Ibid., p.291-292.

<sup>68</sup> Administration of Kuwait, forwarded under letter No. C-238 of 8 July, 1938 to Political Resident, IOR R/15/5/205, p. 96-97.

<sup>69</sup> Ibid., p.117.

### 3.5 The 1938 council: Leaving long lasting legacies

In 1938 merchants once again decided to ask the ruler to form a legislative council. This was the second attempt by the mercantile class to push for political reform during Shaykh Ahmad al-Jabir's era. It must be remembered from the 1921 council that a major characteristic of this class was their exclusivity. Most members of the council came from families which participated in the 1921 council. Other segments of the society like the Shi'a were not represented, which would prove to be a source of friction later on.

The seeds of the discontent, according to Khalid al-ʿAdsani the secretary of the council, were sown during the previous year when the government dissolved the education council, which lead to the resignation of members of the municipal council. Furthermore, the next municipal council elections were rigged because of a government decision which banned voting for certain candidates. Due to these conditions, 12 nationalist figures created a secret society, and some members sent articles to Iraqi newspapers under different names which voiced their disgruntlement with the conditions in Kuwait.<sup>70</sup>

In February 1938 a negative article on Kuwait was published in the Iraqi *al-Kifah* newspaper. The author heavily criticised a broadcast that was made by the Italian radio station 'Bari' which praised the development of Kuwait.<sup>71</sup> Soon, negative slogans started to appear on public walls in Kuwait, some of which were targeted personally towards the amir and his entourage.<sup>72</sup>

More trouble came during the next few days when a taxi driver, Muhammad al-Barrak, was arrested and flogged due to his connection with the graffiti found in the city walls, and he gave the

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<sup>70</sup> al-ʿAdsani, *Nusf ʿĀm li-l-Ḥukm al-Niyābī fī al-Kūwaīt*, p.6.

<sup>71</sup> Translation of an article published in newspaper *al-Kifah*, 12 February, 1938, IOR R/15/5/205, p.5.

<sup>72</sup> Political Agent Kuwait, to, Political Resident Bushire, No, 98C, 4 March, 1938, IOR R/15/5/205, p.11.

names of three leading merchants who offered him help. De Gaury, the Political Agent, said that during these events he received an indirect message from a party headed by Yusuf al-Marzuq which requested British nationality.<sup>73</sup> De Gaury also claimed that even members of the Al Sabah family were dissatisfied with Shaykh Ahmad because of the low allowances they received from him.<sup>74</sup>

Throughout April 1938, Iraqi newspapers continued to publish articles which demanded that the amir introduce more political and administrative reforms.<sup>75</sup> In his unpublished memoirs, Khalid al-‘Adsani wrote that some of these articles, especially those that appeared in *al-Sijjil* and *al-Istiqlal*, newspapers were written by the secret society which called itself the ‘National Bloc’.<sup>76</sup> Alongside these articles, pamphlets started to circulate calling for an increase in public expenditure and for the dismissal of some members of the ruler’s entourage.<sup>77</sup>

Locally, conditions during April were quiet, despite these articles. Shaykh Ahmad was already toying with the idea of introducing a council.<sup>78</sup> Sir Trechard Fowle, the political resident, was supportive of this idea and requested his government offer theirs too.<sup>79</sup> <sup>80</sup> Fowle’s support of the council proposal was leaked and well received by the merchants.<sup>81</sup> Members of the secret society met some mercantile figures like Shaykh Yusuf bin ‘Isa al-Qina‘i and Muhammad al-Thunayyan al-Ghanim to convince them to meet Shaykh Ahmad and advise him on introducing

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<sup>73</sup> Political Agency Kuwait, to, Sir Trechard Fowle, No. C1131, 19 March, 1938, IOR R/15/5/205, p.18.

<sup>74</sup> Political Resident, to, The Government of India External Affairs Department, 20 October, 1939, IOR L/P&S/12/3894A, p.63.

<sup>75</sup> Political Agent, to, Officiating Political Resident at Bahrain, No. C/149, R/15/5/205 4 April, 1938, p.26. pp.30-32 translation of a negative article on Kuwait published in newspaper *al-Zaman* dated 11 April 1938.

<sup>76</sup> al-‘Adsani, *Nusf ‘Ām li-l-Ḥukm al-Niyābī fī al-Kūwaīt*, p.6.

<sup>77</sup> Circular no.1, Kuwait Secret Society, IOR R/15/5/205, p.76 Arabic, p.78-80 translation.

<sup>78</sup> Political Kuwait, to, Resident Bahrain, No.103, 18 April, 1938, IOR R/15/5/205, p.37.

<sup>79</sup> Note by Sir Trechard Fowle, dated 25 April, 1938, IOR R/15/5/205, p.54-6.

<sup>80</sup> Some prominent mercantile figures who were involved in these events, like Khalid al-‘Adsani, ‘Abd al-Latif al-Ghanim, and Ahmad al-Sarhan believed that the British attitude towards the council and reforms might have been influenced by de Gaury’s reports which might have exaggerated the conditions in Kuwait. al-Sabah, *al-Kūwaīt fī Zil al-Himaya al-Barīṭānīyya*, p.146. The author herself interviewed those who were mentioned.

<sup>81</sup> de Gaury, to, Sir Trechard Fowle, No. C221, 25 June, 1938, IOR R/15/5/205, p.88

more reforms.<sup>82</sup> On 28 June, three leading merchants - Muhammad al-Thunayyan al-Ghanim, ‘Abd Allah al-Saqr, and Sulaiman al-‘Adsani - submitted a petition to the amir which reminded him of the terms on which he accepted when made ruler in 1921, and it seemed that Shaykh Ahmad agreed in principle to form a council.<sup>83</sup> In line with previous elections a committee which consisted of Ahmad al-Humaidhi, Shaykh Yusuf bin ‘Isa and Muhammad al-Thunayyan - all of them mercantile figures - was formed to select suitable candidates.<sup>84</sup>

Elections were held on 29 June. 150 leading Kuwaiti figures gathered and elected 14 members for the council, mainly from the mercantile class. Included among those who were elected were: Shaykh ‘Abd Allah al-Salim (the son of the former amir and a future amir himself) as president; Muhammad bin Shahin al-Ghanim; Shaykh Yusuf bin ‘Isa; ‘Abd Allah al-Saqr; Sulaiman al-‘Adsani; ‘Abd al-Latif al-Ghanim; Yusuf al-Humaidhi; Yusuf al-Marzuq; Khalid al-Hamad; and, Salih al-Rashid.<sup>85</sup> The electorate represented different localities, and they were chosen regardless of their religious or nationalistic background.<sup>86</sup> Later on, members of the Shi‘i community would voice disgruntlement at their exclusion.

Since its creation, the council faced strong opposition, primary of which came from one of the ruler’s influential secretaries, the director of the municipality, as well as from some merchants such as Khalid al-Zaid. They made some effort to sway more supporters to their side by offering money, but their efforts were unsuccessful.<sup>87</sup> Alongside Khalid al-Zaid other mercantile figures like Muhammad al-Yusuf al-Nusf and Muhammad Ahmad al-Ghanim voiced their reservations about the formation of the assembly. They voiced their disapproval about the method used to choose the

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<sup>82</sup> al-‘Adsani, *Nusf ‘Ām li-l-Ḥukm al-Niyābī fī al-Kūwaīt*, p.7.

<sup>83</sup> De Gaury, to, Fowle, C-229, 29 June, 1938, IOR R/15/5/205, p.89.

<sup>84</sup> al-‘Adsani, *Nusf ‘Ām li-l-Ḥukm al-Niyābī fī al-Kūwaīt*, p.9.

<sup>85</sup> Appendix in: Political Agent Kuwait, to, Political Resident Bushire, No. C235, 6 July, 1938, IOR R/15/5/205, p.126.

<sup>86</sup> A note on the elections of the Majlis of Kuwait, IOR R/15/5/205, p.206.

<sup>87</sup> Political Agent, Kuwait, to, Political Resident Bushire, No. C-235, 6 July 1938, IOR R/15/5205, p.119.

candidates who participated in the council's elections. Members of the electoral college were chosen according to their political orientation: those who were supportive of these reforms or neutral were allowed to participate, unlike those who held oppositional views to these recent moves.<sup>88</sup>

Members of the council met with the ruler on 4 June and raised the issue of having his formal approval for the assembly's formation. De Gaury claimed that the members had an alternative plan. If the ruler refused to accept the council, they would submit a petition to him which would be signed by notables who would request British rule.<sup>89</sup> Khalid al-'Adsani, the council's secretary offered a similar account, but he mentioned that those who were approached by De Gaury refused to give in to his demands.<sup>90</sup> On 6 July Shaykh Ahmad gave his formal approval to the council and ordered the release of Muhammad al-Barrak a day before, a move which was well received by the council members.<sup>91</sup>

Soon the council submitted a declaration of its functions to the amir. Shaykh Ahmad was unhappy since it removed some of his executive powers. Chiefly, it took from him the control of the state revenues and he decided to defer its approval until 9 July when he did accept it.<sup>92</sup> Furthermore, Article Three stated that all treaties and concessions must be referred to the council for their renewal and, alongside its legislative functions, the council would act as a court of appeal pending the formation of a proper judicial system.<sup>93</sup> In effect, the council was trying to take over many of the executive, legislative and judiciary powers of rule.

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<sup>88</sup> al-Sabah, *al-Kūwaīt fī Zīl al-Himaya al-Barītānīyya*, p.172-3. The author got her information from Muhammad al-Nusf, a member of a mercantile family who witnessed these events.

<sup>89</sup> Political Agent, Kuwait, to, Political Resident Bushire, No. C-235, 6 July 1938, IOR R/15/5205, p.120.

<sup>90</sup> al-'Adsani, *Nusf 'Ām li-l-Ḥukm al-Niyābī fī al-Kūwaīt*, p.6.

<sup>91</sup> Political Agent, Kuwait, to, Political Resident Bushire, No. C-235, 6 July 1938, IOR R/15/5205, p.121.

<sup>92</sup> Political Agent Kuwait, to, Sir Trechard Fowle, No. C-246, 12 July, 1938, IOR R/15/5/205, p.126.

<sup>93</sup> Translation of law governing the power of the Kuwait Administrative Council as granted by His Highness the Amir of Kuwait on 9 July, 1938, IOR R/15/5/205, p.128.

British officials took note of the third article and the political resident in a correspondence with the India Office pointed out that it was a common practice for rulers in that part of the world to take advice from their notables. According to him, it was too early to set out a policy and the main aim was to maintain a balance in their relations with both the ruler and the council.<sup>94</sup> De Gaury, the political agent, wrote to Shaykh Ahmad and reminded him of the importance of observing previous agreements like the 1899 Exclusive Agreement which was signed by his grandfather Shaykh Mubarak.<sup>95</sup>

In August, Shaykh Ahmad requested British help.<sup>96</sup> The ruler's request could have been related to the council pressures to dismiss some officials like the secretary Mulla Salih, and to allow the council to appoint an arms controller. De Gaury noted that despite Mulla's unpopularity with members, the ruler had the right to appoint his own secretaries arms controller.<sup>97</sup> The political agent claimed that Mulla Salih had plans to stir trouble against the council by inciting the Persians against them. According to De Gaury, the council viewed this as "the revolt of the Persians" and therefore decided to demand his dismissal.<sup>98</sup> Mulla Salih eventually left Kuwait in the middle of August,<sup>99</sup> and the majlis agreed to the amir appointing his controller.<sup>100</sup>

In September the council dealt with a second opposition front, the Shi'i community. According to a rough estimate made by Fowle, the political resident, this minority group stood at 18,000 out of 65,000 inhabitants of Kuwait.<sup>101</sup> During September, de Gaury claimed that he had received more than 1,000 applications for British nationality from members of the Shi'a

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<sup>94</sup> T.C. Fowle, to, R.T. Peel Esquire, India Office, P.L. No.397, 18 July, 1938, IOR R/15/5/205, p.139-140.

<sup>95</sup> De Gaury, to, Shaykh Ahmad, No.249, 6 August, 1938, IOR R/15/5/205, p.148.

<sup>96</sup> Shaykh Ahmad, to, de Gaury, 9 August, 1938, IOR R/15/5/205, p.150.

<sup>97</sup> Political Kuwait, to, Resident Bahrain, No.255, 9 August, 1938, IOR R/15/5/205, p.156.

<sup>98</sup> Political Agent, Kuwait, to, H Weightman ICS, Officiating Political Resident Bahrain, No. C-268, IOR R/15/5/205, p. 191.

<sup>99</sup> H. Weightman, Resident, to, RT Peel Esq. MCIO, DO. No. c/554 of 1938, 22 August 1938, IOR R/15/5/205, p.196.

<sup>100</sup> Political Kuwait, to, Resident Bahrain, No.257, 10 August, 1938, IOR R/15/5/205, p.161.

<sup>101</sup> T.C. Fowle, to, J.P. Gibson Esquire, D.O. No. 806, 19 October, 1938, IOR R/15/5/205, p.270-271.

community,<sup>102</sup> which were turned down due to their ineligibility.<sup>103</sup> The political agent received a letter from a Shi‘i cleric who demanded representation in both the council and the municipality, as well as the establishment of a Shi‘i school to be funded by the Education Department.<sup>104</sup> These were rejected by the council.<sup>105</sup> De Gaury noted that - upon the advice of an Iraqi official, the Mutassarif of Basra - the council tried to maintain good relations with those Shi‘a not of Persian origin.<sup>106</sup> The council responded to these attempts by issuing an order which banned anyone who had acquired foreign citizenship from owning property in Kuwait.<sup>107</sup>

Opposition continued to mount on the council. De Gaury claimed that the council was corrupt and hated by half of Kuwaitis, including some mercantile figures.<sup>108</sup> In December, the council itself suffered a setback when it decided to take some action against member Yusuf al-Marzuq. He voiced his dissatisfaction about rumours that members intended to replace the Shaykh's representative at the oil company ‘Abd Allah Mulla Salih. According to the Kuwait Intelligence Summary, al-Marzuq had some financial difficulties and took a loan from ‘Abd Allah Mulla Salih, explaining his attitude on this issue.<sup>109</sup>

Despite these pressures, the council was able to introduce some reforms to government. Most importantly they succeeded in getting Shaykh Ahmad to promise to hand them the next payment he received from the oil company.<sup>110</sup> Members of the ruling family were not harmed by these recent changes, in fact they too benefited from the council's existence. Al-‘Adsani mentioned

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<sup>102</sup> Political Kuwait, to, Resident Bahrain, No. 304, 21 September, 1938, IOR R/15/5/205, p.224.

<sup>103</sup> De Gaury, to, Shia Qadhi, No,737, 16 October, 1938, IOR R/15/5/205, p.254.

<sup>104</sup> Letter from Shia Ulam, to, Political Agent, IOR R/15/5/205, p.228.

<sup>105</sup> T.C. Fowle, to, J.P. Gibson Esquire, D.O. No. 806, 19 October, 1938, IOR R/15/5/205, p.273.

<sup>106</sup> Note for the Honourable Political Resident, IOR R/15/5/205, p.240.

<sup>107</sup> al-‘Adsani, *Nusf ‘Ām li-l-Hukm al-Niyābī fī al-Kūwaīt*, p.37.

<sup>108</sup> Note for the Honourable Political Resident, IOR R/15/5/205, p.240.

<sup>109</sup> Extract from Kuwait Intelligence Summary for the period from 16th to 31st October 1938, L/P&S/12/3894A, p.133.

<sup>110</sup> Note by Political Agent Kuwait, on a conversation between His Highness the Shaykh of Kuwait on the 19 October, 1938, and the Honourable Political Resident and Political Agent being present, IOR R/15/5/205, p.278.



that there was no intention to introduce any radical change to their positions. For example, the council increased the allowances of some members of the ruling family.<sup>111</sup> Economically, the council scrapped all export duties, which were levied at the discretion of the customs officials, in some cases reaching to 20%. Administratively, they dismissed some officials in the judiciary, customs and police departments. In the judicial sector they appointed a second magistrate as they continued to act as a court of appeal.<sup>112</sup>

However, on 17 December Shaykh Ahmad decided to inform the council's members the following day about his decision to dissolve the majlis, and demand back his arms and weapons.<sup>113</sup> Khalid al-ʿAdsani noted that the immediate reason for the suspension could be related to the council's insistence on the expulsion of Khalid al-Zaid to the village of Jahra due to a recent disturbance caused by him in the local market. Shaykh Ahmad informed the council that al-Zaid would be held at his palace, however al-ʿAdsani claimed that the oppositional forces to the council exerted their pressure on the amir to dissolve it.<sup>114</sup> Once the members knew of their ruler's decision they sought refuge in a citadel accompanied by some guards.<sup>115</sup> Simultaneously Shaykh ʿAbd Allah al-Salim al-Sabah, the council's president, suggested forming an arbitration committee comprised of eight members to represent equally both sides, plus four arbitrators.<sup>116</sup> Some merchants were members of these committees like Shaykh Yusuf bin ʿIsa and Ahmad al-Humaidhi, who were with Shaykh ʿAbd Allah, while Yusuf al-Ghanim; Hamad al-Humaidhi represented the ruler.<sup>117</sup>

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<sup>111</sup> al-ʿAdsani, *Nusf ʿĀm li-l-Ḥukm al-Niyābī fī al-Kūwaīt*, p.46.

<sup>112</sup> Improvements introduced by the council since its formation, IOR R/15/5/205, p.298-299.

<sup>113</sup> Political Kuwait, to, Resident Bushire, No.405, 17 December, 1938, IOR R/15/5/205, p.324.

<sup>114</sup> al-ʿAdsani, *Mudhakkirāt Khālīd Sulaimān al-ʿAdsānī* <http://adsanee.8m.com/>. Although al-ʿAdsani did not give any names. Accessed on 28 July 2014.

<sup>115</sup> De Gaury, to, Fowle. D.O. No C/425, 22 December, 1938, IOR R/15/5/206, p.1.

<sup>116</sup> Political Kuwait, to, Resident Bushire, No.406, 17 December, 1938, IOR R/15/5/205, p.325.

<sup>117</sup> Political Agent Kuwait, to, Political Bushire, D.O. No. 425, 22 December, 1938, IOR R/15/5/205, p.341.

The council opposition increased with the arrival of farmers from the al-Qusur area to Kuwait town. They were against the majlis because of a decision to prohibit the sale of pitted tomatoes, which was those farmers' main produce. Shaykh 'Abd Allah and his committee met with the majlis members and informed them that the ruler wanted to hold new elections. Shaykh Ahmad informed de Gaury that 250 people including heads of established Shi'i and Persian families would form the new electoral college. The ruler's success in this strategy can attributed to Shaykh 'Abd Allah al-Salim's mediation.<sup>118</sup>

Elections for the new council were held on 27 December with an electorate of 400. The vote was held in a fair manner according to de Gaury. 12 members from the previous council were re-elected and Shaykh 'Abd Allah al-Salim was appointed the new president. As was the case with its predecessor, the members were mainly from the mercantile class. Some of the members were: Shaykh Yusuf bin 'Isa al-Qina'i; 'Abd Allah al-Saqr; 'Abd al-Latif al-Thunayyan al-Ghanim; and, al-Hilal al-Mutairi.<sup>119</sup>

In February 1939, Shaykh Ahmad submitted a new constitution to the council which gave him more powers compared with the previous one. According to the constitution, the ruler had the power to suspend the council whenever he deems it necessary and he could also raise taxes and decide on loans with its advice. Any advice or decision should be presented to the ruler after a majority vote and, in cases of a tie, the president had the casting vote.<sup>120</sup> Members of the council refused to accept the new constitution and in response Shaykh Ahmad considered appointing a new advisory council consisting of some moderate elements from the existing one, in order to sideline those council members with extreme (at least in his view) ideas.<sup>121</sup>

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<sup>118</sup> De Gaury, to, Fowle. D.O. No C/425, 22 December, 1938, IOR R/15/5/206, p.2-4.

<sup>119</sup> De Gaury, to, Fowle, D.O. No. C-435, 27 December, 1938, IOR R/15/5/206, p.6-7.

<sup>120</sup> Constitution, IOR R/15/5/206, p.51 -7.

<sup>121</sup> De Gaury, to, Fowle, D.O. No. C/74, 27 February, 1939, IOR R/15/5/206, p.64.

More trouble came on 7 March when Shaykh Ahmad dissolved the council after the members refused to accept the new constitution. Its members were reticent to hand him some documents, especially financial ones. During that day Muhammad bin Munayyis, a Kuwaiti living in Iraq, arrived in town and gave a fiery speech. He said that the Al Sabah family no longer had the right to rule and that he considered them to be deposed. Soon, the director of security went to arrest al-Munayyis and a fight ensued between him and two of his supporters: Muhammad al-Qatami and Yusuf al-Marzuq. Al-Qatami was shot dead while al Marzuq suffered some injuries to his foot. Al-Munayyis was tried and found guilty of treason that day and hanged in the local market. Some members of the council were also arrested.<sup>122</sup> These prisoners were: ‘Abd al-Latif al Ghanim; Salih al-Uthman al-Rashid; Masha‘an al-Khalid; Sayyid ‘Ali Sayyid Sulaiman; Sulaiman al-‘Adsani; and, Yusuf al-Marzuq.<sup>123</sup> ‘Abd Allah al-Saqr however left for Iraq and Shaykh Ahmad requested the British authorities return him to Kuwait due to his role in the recent disturbances.<sup>124</sup> The residency informed the political agency at Kuwait that there was no extradition agreement between Kuwait and Iraq.<sup>125</sup> By the end of the second week of March the situation was quiet in the town.<sup>126</sup> Five years later on 24 April 1944, Shaykh Ahmad issued an amnesty to those political prisoners.<sup>127</sup>

Thus, physical force overpowered economic might. The eventual return to stability provided an opportunity for Shaykh Ahmad to appoint a new advisory council, staffed mainly with friendly individuals. Its first meeting was held on 13 March with the amir in attendance. Its membership included some members of the ruling family such as Shaykh ‘Abd Allah al-Salim as president and Shaykh Fahad al-Salim. Some merchants were members too, like Khalid al-Zaid al-Khalid,

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<sup>122</sup> Political Agent Kuwait, to, Resident Bushire, No. C/195, 12 March, 1939, IOR R/15/5/206, p.88-90.

<sup>123</sup> H.M. Minister at Jeddah, to, Foreign Office London, No. 535, 22 December 1943. IOR R/15/5/206, p.156.

<sup>124</sup> Political Agent, Kuwait, to Political Resident Bushehr, No. C/100, 13 March 1939, IOR R/15/5/206, p.93.

<sup>125</sup> Political Resident, Bushehr, to Political Agent, Kuwait, No. 258-S of 1939, 26 March 1939, IOR R/15/5/206, p.114.

<sup>126</sup> Political Agent Kuwait, to, Political Resident Bushire, C/99, 13 March, 1939, IOR R/15/5/206, p.91.

<sup>127</sup> Political Agent Kuwait, to, Political Resident Bushehr, No. 311, 25 April 1944, IOR R/15/5/206, p.162.

Thunayyan al-Ghanim and Ahmad al-Humaidhi.<sup>128 129</sup> It is worth noticing that the ruler was able to recruit its new friendly members from the same families of the previous more hostile council, indicating the extent of divisions within even the same merchant families, a feature that would reoccur.

The appointed advisory council stopped meeting on regular basis in 1940 because of their investigation of the state accounts which occurred during the absence of the ruler's cousin Shaykh Fahad al-Salim who was too a member of the advisory council in Bahrain during July.<sup>130</sup> Once he returned a row erupted between Shaykh Fahad and members of the council; the former considered the majlis to be challenging his honesty. Members were also quarrelling among themselves which led them to stop holding council meetings.<sup>131</sup> A new consultative assembly again made up mainly of the Al Sabah family and the merchant class would not be formed until September 1946.<sup>132</sup> Thus, this episode marked the strongest and last attempt by the mercantile class and their supporters to become the major administrators of political power in Kuwait.

The formation of the 1938 and 1939 councils allows for some comparison of the business-government relations between both Kuwait, and some Latin American cases. Leaving aside the much more advanced and complex nature of the Latin American states and economies at the time, there are some similarities that could be found which would make such comparison useful. Kuwaiti merchants' political mobilisation during this time could be attributed to their government's poor economic record and their isolation from the decision making process are factors that were present

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<sup>128</sup> Members of the council appointed by Shaykh Ahmad al-Jabir, IOR R/15/5/206, p.94.

<sup>129</sup> Not to be confused with the names of the previous two assembly members, although they are related to each other.

<sup>130</sup> Extract from Kuwait Intelligence Summary, No.14, for the period from 16-31 July, 1940, IOR L/P&S/12/3894A, p. 29.

<sup>131</sup> Copy of confidential semi-official letter No. C/424, dated 12 September, 1940, IOR L/P&S/12/3894A, p.24-26.

<sup>132</sup> Intelligence Summary of the Political Agency, Kuwait for the months of August and September, No.15 of 1946, IOR L/P&S/12/3759A, p.108-9. 1. Shaykh 'Abd Allah al-Salim al-Sabah, 2. Shaykh 'Abd Allah al-Mubarak al-Sabah, 3. Shaykh Fahad al-Salim al-Sabah, 4. Yusuf al-Ghanim, 5. Yusuf 'Abd al-Latif al-Hamad, 6. Yusuf Salih al-Humaidhi, 7. Khalid al-Zaid al-Khalid, 8. Nusf Yusuf al-Nusf, 9. 'Abd al-Hamid al-San'i, 10. Yusuf al-'Adsani, 11. Ahmad 'Abd al-Karim 'Abdul.

in Latin America too. For example, Jeffrey Frieden in his analysis on the Latin American debt crisis noted that Latin American economies fared well during the foreign credit boom at the end of the 1970s.<sup>133</sup> However as foreign lending dried up at the beginning of the 1980s, governments introduced more austere measures to deal with the economic recession. Investors had different options to deal with these new circumstances: to either leave the economic scene by capital flight, or stay in and voice their concerns. If they opted for the second option they could do so either as loyal supporters or join the opposition ranks.<sup>134</sup> Frieden also argued that businesses' decision to engage in oppositional activities rested on other factors like their good relations with their governments.<sup>135</sup>

Other academics like Eduardo Silva also argued that excluding businesses from the decision making process could also force them to join the opposition. Silva illustrated his argument using 1970s Chile, where the major capitalist groups felt more alienated and sidelined by the Allende socialist government's economic program, especially its nationalisation plans. For a while, capitalists and their political allies tried to deal with the government through the parliament. However once they felt that they were excluded, their next best option was to forge strong links with some military officers and prepare a coup.<sup>136</sup>

Kuwait in the 1930s was still a nascent state not as fully developed as the examples in Latin America. However, both Frieden and Silva's analyses provide some useful insights. Merchants throughout these tough economic conditions were able to easily access the ruler and voice their concerns. Indeed, they often ended up de facto providing government services, seen in their role in the municipality and education councils as well as trade negotiations with the Saudi government.

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<sup>133</sup> J. Frieden, 'Winner and Losers in the Latin American Debt Crisis: The Political Implications', in B. Stallings and R. Kaufman (eds.), *Debts and Democracy in Latin America*, Boulder, Westview, 1989, p.26-27.

<sup>134</sup> Ibid., p.29.

<sup>135</sup> Ibid., p.30.

<sup>136</sup> Silva, p.48-54.

However their power came under challenge due to constant government interference in the mercantile sponsored and built municipality and educational councils. The extent of their frustration with current conditions, and their isolation from the central decision making process (such as decisions to wage wars), was clear enough when they reminded Shaykh Ahmad al-Jabir of the terms on which he had agreed to rule Kuwait back in 1921. So it could be argued that both the exclusion from the decision making process and the adverse economic conditions forced the merchants to demand more political rights and form the 1938 council.

Kuwait was not the only country in the Gulf to witness demands for political reform. Indeed, two other movements emerged in the same year in Dubai and Bahrain spearheaded largely by merchants. The merchants in Dubai also demanded that the ruler introduce reform and local elections because of the tough economic conditions they were experiencing.<sup>137</sup> Another similarity with the Kuwaiti case was the fact that Dubai's merchants had also found themselves some allies from the ruling family. In the 1940s they paired up with Shaykh Juma bin Maktum al-Maktum, the ruler's uncle in a similar way that Kuwaiti merchants did with Heir Apparent Shaykh 'Abd Allah al-Salim. Merchants in Dubai were successful later on in convincing the ruler Shaykh Sa'id bin Maktum to form the advisory Merchants Council and the Municipal Council, which was formed in March 1957.<sup>138</sup> Hence, the extent of the merchants' structural and instrumental powers allowed them to attempt to create allies within the royal family to suit their goals.

The strength of the structural and instrumental powers explains the ability of the mercantile class to carry out its reform agenda. Governments could simply ignore the businesses demands for reforms if they felt confident enough about their capabilities to tread safely in any crisis. However, as seen with the formation of both the education and the municipality councils, the government's administrative capacity was weak. This only offers a partial explanation for the merchants' success

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<sup>137</sup> al-Mezaini, p. 48.

<sup>138</sup> Ibid., p.62.

in their reform drive, however. Through their wealth and control of employment opportunities, which was the base of their structural power, they were still able to exert some influence on the government. Their structural power in turn boosted their instrumental power which manifested in their easy access to the ruler. Although their structural power was weaker in comparison with the 1910 and 1921 experiences, they were still the main source of capital in Kuwait. The ruler started receiving some royalty payments from the oil company, but these cheques did not yet reach substantial amounts and they did not make him financially independent of the mercantile class.

The 1930s too witnessed the emergence of some wealthy Shi'i mercantile families like the Al Kathmi family which settled in Kuwait during 1921.<sup>139</sup> The point to be stressed here, however, is that the political prominence of the Sunni mercantile class which was based on both their structural and instrumental power during these events were not seriously threatened, despite the emergence of some wealthy Shi'i families and despite the oil royalties payments. The Shi'i mercantile class, which was known for its support of the Al Sabah family,<sup>140</sup> could have blocked the Sunni mercantile class's attempts for political reform from the beginning. However, they were not able to participate in the 1938 council. Even during the 1938 council, their opposition to the council was not sufficient enough for its demise. Therefore it could be argued that there were no serious contenders to the Sunni mercantile class's structural and instrumental power which could explain the ruler's acquiescence to their demands for more political reform.

The 1938 majlis also revealed the influence of Arab nationalism on merchants, which played a part in explaining their isolation of members of the Shi'i community in Kuwait.<sup>141</sup> Arab nationalism found its way to Kuwait in the 1930s, specifically in 1936 after the Palestinian Grand Mufti Shaykh Hajj Amin al-Husaini declared a general strike in response to the British acquiescence

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<sup>139</sup> Azoulay, p.77.

<sup>140</sup> Ibid., p.74.

<sup>141</sup> R.S. Zahlan, *The Making of the Modern Gulf States: Kuwait, Bahrain, Qatar, the United Arab Emirates and Oman*, London, Unwin Hyman, 1989, p.27.

to more Jewish immigration into Palestine. During that period Palestinian authorities were in need of more financial assistance due to the economic damage caused by the strike. In Kuwait, the government had some reservations about the donations campaign due to the conditions of the 1899 Exclusive Treaty, which banned any communications between local and foreign authorities.<sup>142</sup> Locally, a committee was formed in 1936 which included seven members of prominent mercantile families, including the Al Ghanim, Al Bahar and Al Humaidhi families. The committee collected donations for the Palestinians despite the government's reservations. It has been argued that these events also helped fuel opposition against the government, which grew into demands to form the 1938 council.<sup>143</sup>

When it comes to the demise of the 1938 council, the issue of divergences among the mercantile class reappears again. Academically it was assumed that merchants in Kuwait were a closely knit and united social class, and in very few works this view has been seriously challenged.<sup>144</sup> In contrary to this unchallenged view, in his work on the Egyptian capitalist class during the 1920s, Robert Vitalis concludes that divergences and differences in the points of view among members of the capitalist class were normal.<sup>145</sup> This thesis calls for the reassessment of the claims about merchants' unity and argues that divergences existed in some historical periods and that these could partially explain the failure of both the 1921 and 1938 councils.

The failure of the 1938 council could be also attributed to other factors, some of which - such as its exclusivity - are deeply rooted in mercantile society.<sup>146</sup> As mentioned, some segments of the Shi'a for example voiced their disgruntlement at their exclusion, and the situation was

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<sup>142</sup> R.S. Zahlan, *Palestine and the Gulf States: The Presence at the Table*, New York, Routledge, 2009, p.16.

<sup>143</sup> Ibid., p.17.

<sup>144</sup> Azoulay, p.75. Azoulay points that the existing literature on Kuwait has looked at merchants as a cohesive and homogenous group.

<sup>145</sup> R. Vitalis, 'Business conflict, collaboration, and privilege in interwar Egypt', in A. Kohli, J.S. Migdal and V. Shue (eds.), *State Power and Social Forces: Domination and Transformation in the Third World*, Cambridge, Cambridge University Press, p.174.

<sup>146</sup> J Crystal, p.50.



exacerbated further when the assembly refused some of their demands. Alongside the Shi'a were the farmers who had been harmed by the council's decision on selling pitted tomatoes. It could have been beneficial for the merchants to consider the inclusion of other segments of the society in their movement which would have prevented the creation of an opposition in the first place. The conditions, especially the economic ones, would have facilitated the creation of a pan-social alliance since the merchants and other Kuwaitis were negatively affected.

1938-1939 would be the last time that the merchants would use their structural and instrumental powers so extensively to influence local politics in Kuwait. By the end of Shaykh Ahmad al-Jabir's era Kuwait became an oil exporter. However during that period oil revenues were still not high. Looking at the merchants' post-1939 council's silence and political inactivity, this could be also explained by their instrumental powers which were manifested in their access to the ruler. Even after the previous antagonistic episodes, Shaykh Ahmad still relied on mercantile advice and formed another consultative council in 1946. However, it must be noted that this council did not include the main members of the previous councils who were known to be behind the reformist movements, such as Shaykh Yusuf bin 'Isa, 'Abd al-Latif al-Ghanim and 'Abd Allah al-Saqr. Academic works on Latin America could also offer another explanation for their silence. Silva, again in his work on Chile, argues that during the boom years at the end of the 1970s, businesses that were excluded from the decision making process turned a blind eye to their country's appalling human rights records due to their good economic performance during those years.<sup>147</sup> The political turbulence in Kuwait did not reach the levels of Chile's Pinochet, but the main point of analogy to be stressed is that merchant silence could be explained by improving economic conditions, especially after the lift of the Saudi trade blockade at the end of the 1930s and the export of Kuwait first oil shipment in 1946. The British annual report of 1941 concurs with such an analysis. The political agent concluded that merchants' political inactivity could be related to their preoccupation

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<sup>147</sup> Silva, pp.138-139.

with their own businesses, especially because World War II had brought them prosperity. However, the agent noted that their focus about their business interests did not put an end to their political ambitions, and that they might reappear in the future.

Events covered in this chapter also call for focusing on historical legacies. Unlike the previous attempts which ended in a peaceful manner, the government in 1938 resorted to the use of force, and to the creation of new mechanisms such as the 1939 constitution which gave the government control over the representative bodies. This would also set a trend for the future. It will be noticed that, for example, during the first ten years of the next ruler's era, the government in an attempt to absorb public criticism and to maintain control at the same time tended to create appointed instead of representative bodies.<sup>148</sup> Other trends of the 1938 council were the emergence of many members of the ruling family onto the political scene, a departure from previous eras when they had played a minimal role in politics.<sup>149</sup> Michael Herb specifically identifies the events of the 1938 council and the following decision by the amir to staff high-ranking positions of the bureaucracy with royal family members as the moment when "dynastic monarchies" were born in the Gulf, a trend to be copied by the remainder of the Gulf monarchies. Many Al Sabah family members, especially the younger generations, would assume more important posts during Shaykh 'Abd Allah's era.<sup>150</sup>

These events also revealed, a discernible pattern for future mercantile political activism.<sup>151</sup> Whenever merchants were shut out from the decision making process during times of economic distress, their preferable strategy would be to openly oppose the government. This was the case, for example, during the 1950s when they kept pressing for more political reforms due the government's

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<sup>148</sup> Tetreault, pp.66-67.

<sup>149</sup> De Gaury, to, Fowle, D.O. No C-4, 6 January 1939, IOR R/15/5/206, p.16.

<sup>150</sup> M. Herb, *All in the Family: Absolutism, Revolution, and Democracy in the Middle Eastern Monarchies*, Albany, State University of New York Press, 1999, p.75.

<sup>151</sup> Building on Tetreault's idea of the existence of recursive pattern in Kuwaiti politics: Tetreault, p.66-67.

failure to efficiently implement development plans and of the government's choice to create more appointed bodies in an attempt to circumvent mercantile opposition. Thirty years later in 1989, merchants would join other social groups like the bedouin to demand the restoration of normal political life following the suspension of the parliament in August 1986. During that period Kuwait had faced several economic crises, including the collapse of an unofficial stock market, alongside a decline in oil price. Also on similar lines to the post-1939 reduced political activism, future events will show that merchants tended to accept more governmental powers because of good economic conditions which was the case with the suspension of the 1975 parliament. Finally, Tetreault argues that a new myth was created from the 1938 council, which focused on a Kuwaiti democratic tradition dating back to the pre-oil era and the equality of both rulers and merchants.<sup>152</sup>

### **3.6 Conclusion**

This chapter covered the eras of three Kuwaiti rulers: Shaykh Jabir al-Mubarak, Shaykh Salim al-Mubarak and Shaykh Ahmad al-Jabir. The system of rule in Kuwait remained intact as it had been since the days of Shaykh Mubarak the Great: a one-man rule which had been interrupted by brief attempts at political reform in 1921 and 1938-1939 led by members of the mercantile class. Merchants were able to push their reform agenda using their structural power which was based on their ownership of capital, and instrumental power which manifested itself in their direct and easy access to the ruler. Shaykh Ahmad al-Jabir's era would be the final time that merchants would be able to use their structural power in such an extensive manner. At the end of Shaykh Ahmad's era a major development occurred: the export of the first Kuwaiti oil shipment. Oil, as will be seen in the next chapter, would be a major catalyst for change. With the increase in oil revenues, the government would become financially free from its dependence on merchants, which meant a

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<sup>152</sup> Ibid., p.65.

severe decline in mercantile structural power. However, the change in the historical balance of power would not lead to any mercantile departure from local politics.

## **Chapter 4 1950 – 1961: The beginning of the oil era and the shift to instrumental powers**

During the reign of Shaykh Ahmad al-Jabir al-Sabah , the old economic order had been completely eroded. Gone were the days when pearling was a major source of revenue. When Shaykh ‘Abd Allah al-Salim al-Sabah assumed power in 1950, the pearling sector contributed £50,000 to the economy, and employed only 1,600 men working on no more than 80 ships. In contrast, oil revenues at the beginning of Shaykh ‘Abd Allah al-Salim’s reign stood at £12 million.<sup>1</sup>

This chapter will look at the first 11 years of Shaykh ‘Abd Allah al-Salim’s rule, which were the final years of the British protectorate in Kuwait before independence. The pace of historical change to the balance of political power, which had begun during the era of Shaykh Ahmad al-Jabir, accelerated further. This led to a total reversal of the political order as merchants became more financially dependent on the government after Kuwait formally entered the club of major oil exporters. Oil revenues eroded what was left of mercantile structural power, which was already under attack due to the collapse of the pearling industry and the Saudi trade blockade.

The jump in oil revenues since the first shipment in 1946 gave the Al Sabah family the financial independence it needed to free itself from its reliance on the mercantile class. The first signs of this independence appeared when Shaykh ‘Abd Allah decided to settle the debts his relatives had accrued with the merchants.<sup>2</sup> However, the strengthening of the ruling family’s position in local politics did not mean a complete departure for the mercantile class.

It was claimed that during this period the government started to buy off the merchants through various distributive policies.<sup>3</sup> Merchants and their newly found wealth were among the major beneficiaries of the government’s income distribution schemes. However, this chapter will

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<sup>1</sup> Residency Bahrain, to, Eden, Annual Report for 1951 from Muscat, Sharjah, and Kuwait, 31 Oct. 1952, FO 371/98323.

<sup>2</sup> Crystal, p.73.

<sup>3</sup> Ibid. p.83.

argue that, despite profiting from these arrangements, the merchant class was at the same time still able to exert political influence and demand more political reform.

Kuwait's first economic development plan in 1951 was the start of the merchants' economic dependence on the government. From inception, the project had been prone to various difficulties which led the authorities to overhaul it two years later. Due to the lack of skills and limited administrative capabilities among the local population, the government itself was unable to execute the plan efficiently. Merchants in turn became more vocal and demanded more administrative and political reforms. In an attempt to circumvent mercantile opposition, the government resorted to creating appointed executive bodies in the hope that these would oversee more administrative reforms. The merchants were, however, still not satisfied with the creation of these appointed bodies and kept on pushing for more reforms.

After the disappearance of their structural powers, merchants began exercising their instrumental powers more forcefully to exert influence on the government. This chapter will investigate the utilisation of these powers, an important research theme of this thesis. To use Schneider's portfolio analogy, merchants had a portfolio of political investments in which they could invest and utilise their powers. During this period, they resorted to directly petitioning the ruler and giving him advice, even on sensitive issues such as succession and on internal ruling family matters. Merchants also decided to participate in short lived elected bodies. These included the committees created to oversee the various governmental departments and an aborted advisory council created in February 1958.

Their ability to exercise such instrumental powers was strengthened by the fact that merchants were among the few Kuwaitis able to complete a formal education, positioning them well for official recruitment. At the time, formal training and local talent were hard to find in Kuwait. The government therefore found itself seeking the services of the mercantile class by

including members in various governmental committees, such as the important citizenship committee.

As a recurring theme from previous chapters, the events discussed in this chapter also reveal that merchants continued to press for more political reforms as and when they were offered lower points of access to the political system and during times of economic mismanagement, such as witnessed during the implementation of the first development plan. The government, for its part, resorted to creating more appointed bodies to circumvent mercantile opposition. These trends, as we have already seen, were established during the events of the 1938-1939 legislative councils.

Events discussed in this chapter show that besides their dissatisfaction at the government's management of the economy, merchants - especially the younger generations - were ideologically motivated in their demands for political reform. Members of prominent mercantile families who received their education abroad in Cairo and Lebanon were influenced by the Arab Nationalist Movement. Arab nationalism gained increasing popularity during the second half of the 1950s due to regional politics, the effects of which were also felt in local Kuwaiti politics.

#### **4.1 Setting the economic scene:**

In 1951, Iran nationalised the Iranian assets of the Anglo-Iranian Oil Company and Britain sought to compensate for this by increasing oil production in Kuwait. Sir Rupert Hay, the British political resident in the Gulf from 1946 to 1953 eloquently summed up the changes which occurred in Kuwait after the shutdown of the oil refineries in Abadan, Iran. He concluded that 1952 would be the final year in which the historical balance of power could be maintained in Kuwait, because increases in oil revenues were empowering the government at the expense of the mercantile class.<sup>4</sup>

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<sup>4</sup> Residency Bahrain, to, Eden, Annual Report for 1951 from Muscat, Sharjah, and Kuwait, 31 Oct. 1952, FO 371/98323.

Oil production increased from 600,000 barrels per day (bpd) in June 1951 to 800,000 bpd in December of that year. In 1952 Shaykh ‘Abd Allah al-Salim concluded a 50:50 profit sharing agreement with Kuwait Oil Company, which meant that in 1953 he would go on to be paid £50 million in royalties, a cheque that irreversibly changed the face of Kuwait.<sup>5</sup>

At the beginning of commercial oil exportation, revenues were only able to cover the country’s basic needs, and the government recorded minimal surpluses. This pleased British officials who were doing their best to relieve the sterling from exchange pressures. Oil revenues in 1946 were \$760,000, but reached \$11.52 million by the end of Shaykh Ahmad al-Jabir’s era in 1950. Most of these funds were used to finance public services, mainly health and education. Revenues dramatically increased in 1953 to \$169 million from \$57 million in the previous year. Revenues kept on increasing until the end of the decade: in 1955 oil revenues jumped to \$281.7 million, and in 1960 the figure stood at \$445.8 million.<sup>6</sup>

In tandem, oil production increased rapidly too, from 125.7 million barrels annually in 1950 to 619.1 million barrels annually in 1960.<sup>7</sup> By 1961, Kuwait provided 7% of global oil output, and 30% of the Middle East’s production.<sup>8</sup> The increase in oil revenue dramatically improved Kuwait’s material wellbeing. The International Bank for Reconstruction and Development (IBRD) mission calculated that Kuwait’s GNP in 1959 was KWD296 million (\$828 million) or about \$3,200 per capita.<sup>9</sup>

In light of these major developments, the ruler Shaykh ‘AbdAllah al-Salim explicitly told the political resident that this newly found wealth would be used to finance more development

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<sup>5</sup> Ibid.

<sup>6</sup> P.G. Sadler, and M.W. Khouja, *The Economy of Kuwait: Development and Role in International Finance*, London, The Macmillan Press, 1979, p.26.

<sup>7</sup> Ibid., p.26.

<sup>8</sup> International Bank for Reconstruction and Development, Economic Mission to Kuwait, *The Economic Development of Kuwait: Report of Missions Organised by the International Bank for Reconstruction and Development at the Request of the Government of Kuwait*, Baltimore, John Hopkins Press, 1965, p.23.

<sup>9</sup> Ibid., p.2-3.



schemes.<sup>10</sup> The government then embarked on a major wealth distribution exercise, which included policies such as the land purchasing program which was locally known as *Tathmīn*.<sup>11</sup> The main purpose of this program was to buy land for development projects, where the government would buy land at inflated prices as a way of redistributing wealth. Estimates show that the government spent about KWD1 billion on this program between 1952 and 1975, which was also roughly equivalent to a quarter of the government's oil revenues.<sup>12</sup> The IBRD criticised the program and concluded that it was an unfair way of redistributing wealth because prices were being highly inflated.<sup>13</sup>

Other wealth distribution mechanisms included the provision of guaranteed public employment opportunities in the government's growing bureaucracy. This was a major challenge to the mercantile class, whose businesses had historically been the main source of employment for Kuwaitis. In 1960 the government passed the Civil Service Code. Due to the scarcity of local talent the IBRD mission noted that the civil service ended up recruiting many unqualified employees. According to statistics submitted to the 1963 mission, 1% of civil service employees were graduates, 5% held high school certificates and 13% held primary school certificates. In total the civil service absorbed 16,700 Kuwaitis (46% of the total labour force) and 19,600 foreign employees (54% of the total labour force).<sup>14</sup> Besides the civil service, the oil industry was the second largest employer for Kuwaitis. In 1962, out of the oil sector's 6,500-7,000 employees, 1,350 (20%) were Kuwaitis.<sup>15</sup>

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<sup>10</sup> Hay, to, Furlonge, Disposal of Kuwait government surplus revenue, 13 Nov. 1951, FO371/91300, p.20.

<sup>11</sup> valuation. It refers to a the land valuation program started by the government during the 1950's.

<sup>12</sup> Sadler and Khouja, p.44.

<sup>13</sup> International Bank for Reconstruction and Development, Economic Mission to Kuwait, p.4.

<sup>14</sup> Ibid., p.40.

<sup>15</sup> Ibid., p.54.

More wealth was distributed, especially to the mercantile class, through the major development plan that was implemented during the first ten years of Shaykh ‘AbdAllah al-Salim’s rule. During February 1952, the ruler gave his assent to a development plan that would cost about a quarter of government revenues. The implementation of the ambitious plan suffered administrative problems due to the Kuwaiti bureaucracy’s lack of experience. The plan also suffered from financial overruns due to the contracting system, which was based on a payment system of costs plus 15%. Costs increased from KWD11.658 million in 1952 to KWD27.722 million in 1954, which led the government to suspend the costs plus 15% contracting system. Financial allocations for development purposes were reduced to KWD10.378 million in 1955, however the government decided to increase them again during 1957-8 to KWD28.59 million due to the introduction of a revised development program.<sup>16</sup>

Oil revenues allowed the government to create a vast and a modern welfare state which provided Kuwaitis and foreigners with various services at highly subsidised prices or, in some cases, free of charge. The provision of some basic services which were available to small privileged groups during the pre-oil era, such as education, became free and available to the masses. In 1946-7, for example, the student body consisted of 3,962 students, out of which 3,037 (76%) were boys. A decade later in 1956-7, the number increased to 24,524 students, of which 15,945 (65.02%) were boys.<sup>17</sup>

Since the beginning of the oil era, Kuwaiti officials had appreciated the importance of saving some oil money for the future. In 1951, Shaykh ‘AbdAllah al-Salim created the Kuwait Investment Board to manage Kuwait’s investments abroad. By 1959, Kuwaiti reserves reached KWD250 million in sterling holdings, and KWD40 million in sterling equities.<sup>18</sup>

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<sup>16</sup> Research Department Memorandum: The Economy of Kuwait, FCO51/93.

<sup>17</sup> International Bank for Reconstruction and Development, Economic Mission to Kuwait,, p.146.

<sup>18</sup> Research Department Memorandum: The Economy of Kuwait, FCO51/93.

## 4.2 Kuwait's first development plan: A mismatch between reality and aims

Shaykh Ahmad al-Jabir died on 29 January 1950 and he was succeeded as ruler of Kuwait by Shaykh 'AbdAllah al-Salim al-Sabah, who was in the Omani capital Muscat at the time.<sup>19</sup> Immediately following his accession, the British raised the issue of appointing an adviser. This was a contentious matter from the start and British officials feared the dangers of pressing the issue.<sup>20</sup> Shaykh 'AbdAllah mentioned to Herbert Jakins, the political resident to the Persian Gulf that he would like to be given at least seven months to consider this matter, as he might face some criticism, especially from members of his own family.<sup>21</sup>

During his early months in power Shaykh 'AbdAllah tried to reconcile with some distant branches of his family and paid lump sums to the descendants of Shaykh Muhammad, the fifth ruler of Kuwait, and his brother Jarrah, ending their dispute with the family.<sup>22</sup> Furthermore he paid £25,000 to settle his family's debts with merchants.<sup>23</sup>

However, things changed when Kuwait joined the club of major oil exporters after the ruler concluded a sharing agreement with Kuwait Oil Company in 1952. Oil revenues jumped suddenly and the era of oil formally began in Kuwait when royalty payments began to be received in 1953. Alongside Kuwaitis, British officials were also highly interested in Kuwait's newly found wealth. This was in contrast to the traditional British stance of paying minimal attention to local politics. British officials tried to persuade Shaykh 'AbdAllah to create an investment board to invest part of

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<sup>19</sup> Hay, to, Furlonge, Summary of Events in the Persian Gulf during the month of January 1950, 15 Feb. 1950, Foreign Office thereafter FO 371/82004, p.4-5.

<sup>20</sup> Hay, to, Furlonge, summary of events for the Persian Gulf during the month of February, 6 Mar. 1950, FO 371/82004, p.4-5.

<sup>21</sup> Hay, to, Furlonge, summary of events in the Persian Gulf during the month of March, 8 Apr. 1950, FO 371/82004, p. 5.

<sup>22</sup> Hay, to, Furlonge, summary of the Persian Gulf events during the month of May 1950, 3 Jun. 1950, FO 371/82005, p. 37.

<sup>23</sup> Hay, to, Furlonge, summary of the Persian Gulf events during the month of February 1950, 6 Mar. 1950, FO 371/82004, p.5.

his surplus, but Britain's main aim was to place minimal pressure on the sterling pound.<sup>24</sup> He accepted this, but rejected the bigger ambition of appointing a British adviser along the lines of Charles Belgrave in Bahrain to, in effect, run the administration.

Kuwait's Development Board was created at the end of 1951 and Shaykh Fahad al-Salim, the ruler's brother who was in charge of the municipality, was appointed president.<sup>25</sup> Shaykh 'AbdAllah then accepted a preliminary development report which was submitted to him in February 1952. It estimated that costs would reach a quarter of government revenues.<sup>26</sup> This project laid the basis for the new relationship between the merchants and the government. Unlike previous periods, merchants in the oil era would be dependent on the government. Despite its ambitious projections, this development plan had a hard landing in less than two years due to a mismatch between reality and the plan's targets.

The Foreign Office acknowledged that difficulties might arise as a result of the Kuwaitis' insistence on building a modern welfare state in the shortest period of time. From the onset they warned about the dangers of financial mismanagement. According to initial estimates, Kuwait was expected to receive £60 million in oil royalties in 1953.<sup>27</sup> Expenditure estimates were difficult to make due to the costs plus 15% contracts the Kuwaiti government was signing with British companies.<sup>28</sup>

British officials' fears about the lack of proper administration soon became true. Differences in opinion among the senior officials had negative consequences for the development projects. As was often the case across the Gulf during the oil era, Kuwait heavily relied on foreign advisers to run its administrative structure. Alongside Shaykh Fahad al-Salim and the financial adviser Colonel

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<sup>24</sup> E.A. Berthoud, F.O., Sir L. Rowan, Treasury, 16 Oct. 1952, EA1112/64, FO 371/198399, p.100.

<sup>25</sup> C.M. Pirie-Gordon, Political Agency Kuwait, to, Hay, Bahrain, 101/6/52, 4 Dec. 1952, FO1016/217, p.3.

<sup>26</sup> Accepted by His Highness Shaykh 'Abd Allah a-Salim, Feb. 1952, FO 1016/217, p.11-15.

<sup>27</sup> Draft paper on Kuwait for discussion at meeting in the Foreign Office on 26 March 1953, EA1103/28, FO371/104325.

<sup>28</sup> Draft F.O. paper on H.M. government position and policy towards Kuwait, 15 April 1953, EA1055/5, FO371/104272.

Crichton, other senior officials were also concerned with the development projects, including General W F Hasted who was the controller of development. In March 1953, Majd al-Din Jabri, a former Syrian minister for public works, was appointed head of the Public Works Department, a post which General Hasted had hoped to fill.<sup>29</sup> From the outset the team was inharmonious, and fights ensued among them. For example, the British officials Crichton and Hasted were not on good terms. The former wanted to apply some financial brakes on spending, while the latter had extravagant plans for Kuwait.<sup>30</sup>

Cornelius James Pelly, the British political agent in Kuwait, was highly critical of Hasted's approach towards development in Kuwait. He was dissatisfied with Hasted's extravagance and lavish projects which filled Kuwait with buildings regardless of their cost.<sup>31</sup> Pelly also warned about the damage which would be caused to the United Kingdom's interests in the long term if Kuwait's development plans failed.<sup>32</sup>

Five British companies fuelled the administrative mess by supporting General Hasted. These companies were created at the beginning of the development plan by pairing up with Kuwaiti partners who were members of well-established merchant families. They became known as the 'Big Five' and received the majority of contracts. These company partnerships were: Holland, Hannen & Cubitts and Khalid al-Hamad; D.C. William Press and Yusuf al-Ghanim; John Howard Construction and Contracting Company owned by both Khalifa al-Ghunaim and Saïb Hamid; Taylor Woodrow and the National Contracting Company which was owned by both 'Abd Allah 'Ali Reza, and 'Abd al-'Aziz al-Salih; and, Richard Costain and 'Abd Allah Mulla Salih. Contracts were awarded on a costs plus 15% basis, and each company was guaranteed a minimum of £1 million worth of work for an unspecified period. They would also get bonuses if they went below their initial target costs.

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<sup>29</sup> Pelly, Kuwait, to, Foreign Office, No.85, 29 March, 1953, EA1055/2, FO371/104272.

<sup>30</sup> Letters are found in files EA1103/24 and EA1103/25, FO371/104326.

<sup>31</sup> Pelly, to, Hay, 95/9/53, 8 April, 1953, EA1103/36, FO371/104326.

<sup>32</sup> Pelly, to, Foreign Office, No.8, 1 April 1953, EA1103/11, FO371/104325.

The Kuwaiti and British partners would share the 15% profit.<sup>33</sup> This cost structure created an incentive for the companies to overrun their costs considerably.

Such vast sums of money were destined to create political manoeuvrings and intrigue within the factions of the government and the business class and developments did not disappoint. Quarrels and wrangling frequently ensued, with representatives of these companies warned about the negative consequences of appointing Jabri as head of public works who, being non-British, was seen as hostile to these companies' interests. One of them argued that British companies would be out of Kuwait within 18 months, and called for the support of Hasted.<sup>34</sup> Officials at the Foreign Office suspected that these reports were highly exaggerated.<sup>35</sup> These companies also earned themselves a negative reputation with British officials. The political agent Pelly told the political resident Hay that it was important for contractors to refrain from interfering in local political affairs.<sup>36</sup>

Soon British officials' fears about the Big Five became true. Shaykh 'Abd Allah, in a meeting with Pelly during June 1953, expressed his dissatisfaction with the construction of large, luxurious buildings.<sup>37</sup> The Development Board decided to stop awarding three companies more contracts<sup>38</sup> and replaced the costs plus 15% contracts with competitive bids.<sup>39</sup> Hay voiced his reservations about the exclusion of some companies and suggested the Foreign Office protest

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<sup>33</sup> Development contracts between the Ruler of Kuwait and five firms in which United Kingdom contractors are participants, EA1103/76, FO371/104328.

<sup>34</sup> Brigadier Burton (John Howard & Company Ltd.), to, Sir Peter MacDonald, 26 March, 1953, EA1055/G, FO371/104272.

<sup>35</sup> C.M.Rose, Minute, 11 April, 1953, EA1103/32, FO371/104326.

<sup>36</sup> C.J.Pelly, to, Sir Rupert Hay, 95/5/53, 31 March, 1953, EA1103/10, FO371/104325.

<sup>37</sup> Kuwait, Pelly, to, Foreign Office, No.146, 5 June 1953, EA1103/77, FO371/104328.

<sup>38</sup> Pelly, to, Foreign Office, No.17, 21 July 1953, EA1103/117, FO371/104329.

<sup>39</sup> C.M.Rose, Minute, 14 April, 1953, EA1103/15, FO371/104325.

against this decision.<sup>40</sup> Pelly passed on his government's view and the ruler replied that British companies would still be welcome to submit their offers for future contracts.<sup>41</sup>

Officials from both the Foreign Office and those stationed in the Gulf realised that the exclusion of many Kuwaiti merchants might be a source of tension. Sir Thomas Rapp, head of the British Middle East Office, pointed out in a report on Kuwait that some merchants who complained about the situation were doing so because existing sources of income, such as gold smuggling, were no longer profitable.<sup>42</sup> For example, in July 1953 a merchant called Khalid al-Mishary sent a petition to the president of the Development Board - who was also the amir's brother. The petition complained about Hasted's favouritism in approving certain contracts. According to the merchant, some local companies were left out of a development process which was supposed to benefit everyone.<sup>43</sup> Finally, under order from Shaykh 'Abd Allah, who was dissatisfied with the extravagance, Crichton requested Hasted's resignation during March 1954<sup>44</sup> and he was gone by the end of that month.<sup>45</sup>

Politically, 1953 was filled with turmoil, particularly regarding Shaykh 'Abd Allah's intention to abdicate. This was due to a combination of wrangling within the ruling family itself and British pressure to appoint a British adviser.<sup>46</sup> Pelly believed that some members of the commercial community who were dissatisfied with the current conditions helped to spread these stories of abdication.<sup>47</sup> He concluded that British pressure on Kuwait's ruler to appoint a senior adviser and to implement some financial reforms might have been behind the ruler's presumed intention to

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<sup>40</sup> Bahrain, to, Foreign Office, No.622, 27 July, 1953, EA1103/120, FO371/104329.

<sup>41</sup> C.J.Pelly, to, Shaykh 'Abd Allah al-Salim al-Sabah, No.120, 95/105/53, 12 August, 1953, EA1103/133, FO371/104329.

<sup>42</sup> Enclosure to Sir Thomas Rapp, despatch No.20 of 17 June 1953, EA1103/96, FO371/104328.

<sup>43</sup> Khalid al-Mishari, to, Shaykh Fahad al-Salim, 11 July 1953, EA1103/123, FO371/104329.

<sup>44</sup> Kuwait, Pelly, to, Foreign Office, No.58, 18 March 1954, EA11010/22, FO371/109863.

<sup>45</sup> Kuwait, Pelly, to, Foreign Office, No.66, 25 March, 1954, EA11010/29, FO371/109863.

<sup>46</sup> Kuwait, to, Foreign Office, No.299, 12 October, 1953, EA10111/5, FO371/104264.

<sup>47</sup> Pelly, Kuwait, to, B.A. Burrows, Bahrain, 189/53/53, 19 October 1953, EA10111/16, FO371/104264.

abdicate.<sup>48</sup> The issue of appointing an adviser was raised several times including during the ruler's visit to the UK for the queen's coronation celebrations, and on all of these occasions he refused to accept such appointment.<sup>49</sup> Shaykh 'Abd Allah mentioned to Burrows at the end of October that he had the full support of Kuwaitis and did not plan to abdicate.<sup>50</sup>

This was not the first time that the issue of abdication had come to the fore. By the end of April 1952 rumours had spread about Shaykh 'Abd Allah's intention to abdicate due to his dissatisfaction with the extravagance of some members of his family. Pelly was informed by a reliable source at this time that the ruler had announced his intention to abdicate during a family meeting. However he was persuaded by Shaykh 'Abd Allah al-Mubarak al-Sabah, his uncle, not to do so. Shaykh Yusuf bin 'Isa al-Qina'i a famous judge, and a member of the wealthy Qina'at merchant family advised him to establish an advisory council consisting of three members of the ruling family and five notables.<sup>51</sup> According to the political resident Hay, this move might have been an indirect message from the ruler to other members of his family to solve their conflicts and focus more on their jobs.<sup>52</sup>

In comparison with the previous year, the pace of development slowed during 1954. Shaykh 'Abd Allah had reservations about the cost of the building programme and he intended to impose some restrictions on spending and would not allow departments to overspend and exceed their budgets.<sup>53</sup> In April the ruler issued an order to stop spending and demanded that all government

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<sup>48</sup> Kuwait, to, Foreign Office, No.299, 12 October, 1953, EA10111/5, FO371/104264.

<sup>49</sup> Foreign Office, minute, Brief for the Prime Minister meeting with His Highness Shaykh 'Abd Allah al-Salim al-Sabah K.C.M.C., C.I.E., Ruler of Kuwait, 28 March, 1953, EA1103/66, FO371/104327; Minute of Shaykh 'Abd Allah meeting with Prime Minister, J.C.B. Richmond, 10 June, 1953, EA1055/10, FO371/104272; J.C.B. Richmond, 12 June, 1953, EA1055/10, FO371/104272.

<sup>50</sup> B.A. Burrows, to, Anthony Eden, H.M. Principal Secretary of State for Foreign Affairs, Despatch No. 103, 10122/42/53, 26 October, 1953, EA10111/8, FO371/104264.

<sup>51</sup> Pelly, Kuwait, No.91, 28 April, 1952, EA1015/3, FO371/98325.

<sup>52</sup> Hay, Bahrain, to, Foreign Office, No.246, 2 May, 1952, EA1015/4, FO371/98325.

<sup>53</sup> Kuwait, Pelly, to, Foreign Office, No.3, 23 February, 1954, EA11010/8, FO371/109863.



bodies submit a schedule of their projects and cost estimates.<sup>54</sup> Shaykh ‘Abd Allah confirmed to the political agent that the major projects would not be disrupted, but that he hoped these new arrangements would reduce the extravagance and waste in handing out government contracts.<sup>55</sup>

Kuwait’s first development plan was a significant sign that the relationship between merchants and the regime was changing. It is traditionally thought that during this phase the government started to buy the merchants’ acquiescence through lucrative contracts in return for their cooperation and eventual departure from political life. One of the main arguments put forward in this thesis is that such a claim is too general and fails to offer a detailed account of the merchants’ role in Kuwaiti politics.

This thesis does not deny that merchants were among those who benefitted most from the government’s policy of redistributing its oil income. Alongside the development plan, merchants were the major beneficiaries of the government land purchasing scheme for development projects. The land of the Port of Shuwaikh was owned by the Al Saqr and the Al Ghanim families. The government purchased it from them and both families rented it again at low rates to develop the industrial park.<sup>56</sup> However, their financial dependence on the government did not lead to their departure from the political scene.

Selecting from their portfolio of political investments, the merchants’ main course of action during the implementation of the development plan was to lobby Shaykh ‘Abd Allah directly. The use of their instrumental power was evident through the advice given by Shaykh Yusuf bin ‘Isa to the ruler regarding the formation of the advisory council when he intended to abdicate in 1952. Merchants continued to enjoy privileged access to the ruler, which allowed them to convey their concerns to him directly without being challenged by other social factions who were not yet

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<sup>54</sup> Sir William Halcrow, to, C.T. Ewart-Biggs, 2 April, 1954, EA11010/36, FO371/109863.

<sup>55</sup> Kuwait, Pelly, to, Foreign Office, No.87, 20 April, 1954, EA11010/42, FO371/109864.

<sup>56</sup> Moore, p.44.

politically active, such as the bedouin. This special access was due to their position at the apex of the Kuwaiti social hierarchy after the Al Sabah family which allowed them to closely interact, and in some cases intermarry, with the ruling family. Merchants also actively participated in the short-lived representative bodies created in 1952 and 1954 to oversee the various governmental departments, the subject of the next section.

#### **4.3 The Higher Executive Committee: A response to mercantile pressures**

The lack of oversight over the various government departments helped to sustain the administrative disorganisation. This led to elections being held in 1952 for the governmental departments' advisory committees, in the hope that these would help to restructure the administration. These committees were set up to provide the department presidents with advice. That experience was short lived because many members, especially those on the municipality and health committees, submitted their resignation due to conflicts with the president of both departments. However, the ruler announced during March 1954 that elections for the *awqāf* (donation endowments), education, municipalities and orphans departments would be held on his return from a trip to India.<sup>57</sup>

In preparation for the elections, Kuwait City would be divided into five wards, and a committee would supervise the elections under the chairmanship of Shaykh 'AbdAllah al-Jabir, the president of the Department of Education.<sup>58</sup> According to the original plan Shaykh 'AbdAllah al-Jabir would appoint half of the members, but he agreed to electing all members after a petition from

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<sup>57</sup> C.J. Pelly, to, Anthony Eden, Secretary of State for Foreign Affairs, 1015/9, No.14, 27 March 1954, EA1017/3, FO371/109810.

<sup>58</sup> Ibid.

leading merchants.<sup>59</sup> Merchants fared well in these elections. Pelly noted that three members of the Al Ghanim family secured membership.<sup>60</sup>

Despite these measures, merchants were not satisfied and demanded more reforms. On the ruler's return to Kuwait, they submitted an unpublished petition to him expressing their discontent with corruption and inefficiency in government departments.<sup>61</sup> In his memoirs, Dr Ahmad al-Khatib, a parliamentarian who supported the Arab Nationalist Movement and who was one of the main figures behind the petition, realised that to ensure the success of the petition, it would be necessary to secure the support of Shaykh Yusuf bin 'Isa al-Qina'i who was respected by both the ruler and the mercantile community. After obtaining al-Qina'i's assent to the petition, al-Khatib went to the bazaar to collect merchant signatures and drafted a letter to the ruler which was forwarded with the petition. The letter touched on the downfalls of the departmental committee system, and demanded the formation an administrative council that would be presided over by the ruler and have in its membership representatives of each departmental committee.<sup>62</sup>

More mercantile complaints were made about the inefficiency of government departments, especially those that were headed by the ruler's powerful brother Shaykh Fahad. The ruler suggested that the merchants nominate two members to each of the *awqāf*, Education, and Municipality committees who, alongside side two members of the ruling family, would offer them advice. The merchants on the other side wanted four members.<sup>63</sup> Shaykh Yusuf bin 'Isa convinced the merchants to resolve their disputes with Shaykh Fahad. He in turn advised the ruler on the importance of controlling the behaviour of some members of his family.<sup>64</sup>

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<sup>59</sup> Ibid.

<sup>60</sup> C.J. Pelly, to, L.A.C. Fry, 1015/11, 25 May, 1954, EA1017/7, FO371/109810.

<sup>61</sup> C.J. Pelly, to, Foreign Office, No.158, 7 July, 1954, EA1017/8, FO371/109810.

<sup>62</sup> al-Khatib, *al-Kūwaīt min al-Imāra illā al-Dawla: Dhikariyyāt fī al-'Amal al-Watanī*, p.190-5.

<sup>63</sup> C.J. Pelly, to, Foreign Office, No.158, 7 July, 1954, EA1017/8, FO371/109810.

<sup>64</sup> D.A. Logan, to, Anthony Eden, Secretary of State for Foreign Affairs, 1015/18, No.32, 26 July, 1954, EA1017/12, FO371/109810.

In response to mercantile pressure Shaykh ‘Abd Allah al-Salim issued a decree forming the Higher Executive Committee. According to the decree which was issued on 19 July 1954, the Committee’s main responsibility was to reorganise governmental departments. Membership of that committee mainly consisted of second generation shaykhs: Shaykh Sabah al-Ahmad, Shaykh Khalid al-‘Abd Allah al-Salim and Shaykh Jabir al- ‘Ali al-Salim. It also included other members who were not from the ruling family. They were Director of Finance Ahmad ‘Abd al-Latif, ‘Abd al-Latif al-Nusf and ‘Izzat Ja‘afar the ruler’s private secretary.<sup>65</sup> Locally, according to the assistant political agent, expectations for the committee were not high because of expected clashes with senior officials. Indeed, members of the previously elected advisory committees of *awqāf*, education, and municipalities submitted their resignation. According to the British political agency report, leading (unnamed) townsmen were dissatisfied with the formation of the committee due to the lack of public representation, an observation which might explain the resignations.<sup>66</sup>

Soon the committee found itself busy with implementing some much-needed government reforms. One of its first decisions was to issue a declaration stating that all land outside town boundaries would come under state ownership.<sup>67</sup> In an attempt to introduce financial discipline, the committee requested that all departments submit their estimates for the coming year.<sup>68</sup> However, by the end of October 1954 criticisms were rife over the committee’s performance. Members of some wealthy families, like Khalid al-Zaid, and others from the Al Saqr and Al Fulaij families demanded the creation of another committee consisting of 12 members, half of them elected, and the others from the ruling Al Sabah family.<sup>69</sup> In February 1955, the Higher Executive Committee would face

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<sup>65</sup> Kuwait, Logan, to, Foreign Office, No.178, 20 July 1954, EA1017/10, FO371/109810.

<sup>66</sup> D.A. Logan, to, Anthony Eden, Secretary of State for Foreign Affairs, 1015/18, No.32, 26 July, 1954, EA1017/12, FO371/109810.

<sup>67</sup> D.A. Logan, to, B.A.Burrows, 1015/9, 2 August 1954, EA1017/13, FO371/109810.

<sup>68</sup> D.A. Logan, to, Anthony Eden, Secretary of State for Foreign Affairs, 1015/18, No.32, 26 July, 1954, EA1017/12, FO371/109810.

<sup>69</sup> British Bank of Middle East Report, 29 October, 1954, EA1017/24, FO371/109810.

its first challenge. The president of the health and municipalities departments Shaykh Fahad al-Salim announced that he would look again into all decisions which had been made during his absence. Shaykh ‘Abd Allah al-Mubarak, the ruler’s uncle, and president of the public security department also had some reservations about the latest decisions made concerning his department. As a result some members decided to stop attending sessions.<sup>70</sup>

Pressure was mounting on the Higher Executive Committee members, and this led them, along with Shaykh Fahad al-Salim, to submit their resignation to the ruler, who refused to accept them.<sup>71</sup> Alongside the merchants, nationalist politicians were also active in calling for more political reforms. *Sada al-Iman*, the newspaper of the National Cultural Club, called on Kuwaitis to sign a petition demanding an elected assembly.<sup>72</sup> In June, Shaykh ‘Abd Allah received the petition from Dr Ahmad al-Khatib. Due to these events the government decided to introduce more censorship restrictions on newspapers.<sup>73</sup>

It is evident that merchants remained incredibly active within the political-bureaucratic scene, and merchants' possession of instrumental powers allowed them to stay in the political arena and exert influence over the ruler. Focusing on the arguments about their political behaviour put forward in the previous chapter adds greater understanding as to when merchants would utilise their instrumental powers and the government’s response to it. From previous experience, like the formation of the 1938 council, merchants had begun to voice more demands for political reform during times of economic mismanagement and when they were offered minimal options to express their concerns in the political system. This had been the case during the events that preceded the formation of the Higher Executive Committee.

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<sup>70</sup> C.J. Pelly, to, Anthony Eden, 1015/2/55, Despatch No.12, 14 February, 1955, EA1017/5, FO371/114588.

<sup>71</sup> C.J.Pelly, 1015/5/55, 7 March 1955, EA1017/7, FO371/114588.

<sup>72</sup> Kuwait, Pelly, to, Foreign Office, No.76, 30 May, 1955, EA1017/13, FO371/114588.

<sup>73</sup> Pelly, to, Burrows, 10112/5/55, 7 June, 1955, EA1017/16, FO371/114588.

During these events, the merchant's portfolio of political investments presented the same choices as during the pre-oil period: petitioning the ruler directly and participating in some elected representative bodies like the departmental committees. The role played by Shaykh Yusuf bin 'Isa al-Qina'i was a clear sign of the strength of their instrumental powers, and of their investment in petitioning directly the ruler. His privileged social status as a religious figure and a merchant allowed him to advise Shaykh 'Abd Allah even on some personal issues like the importance of controlling the behaviour of some members of his family.

In addition to meeting with the ruler, the other option available from the merchants' portfolio of political investments was to participate in the election of the departmental committees, an option which dates back to the 1921 council. Again, these experiences did not last long due to clashes with the government. In this case, merchants stopped attending the committee meetings because of their dissatisfaction with the inefficiency of these departments.

Perhaps the fact that merchants were still considered to be the most intellectually sophisticated social group in Kuwait also boosted their instrumental powers. Khalid al-'Adsani, the secretary of the 1938 council and a former minister was a member of the educational committee<sup>74</sup> which introduced some administrative and financial reforms, and he was also a member of the prices committee<sup>75</sup> tasked with studying the reasons behind price increases for some items.<sup>76</sup> In 1954 al-'Adsani was called to participate in the reconstruction committee<sup>77</sup> created by the Higher Executive Committee to help rebuild homes damaged by rain that year.<sup>78</sup>

Merchants also branched into previously unused domains of instrumental powers, including creating alliances with other emerging political movements. This was most evident in how they

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<sup>74</sup> Other mercantile members were Muhammad al-Nusf.

<sup>75</sup> Other mercantile members were: 'Abd al-'Aziz al-Saqr, 'Abd al-Mohsin al-Kharafi and Nusf al-Nusf.

<sup>76</sup> 'A.F. Milaij, *Asātitha fī Maidān Ākhar* (Specialists in a Different Field), Kuwait, al-Markaz al-'Arabi li-l-I'alam, 1982, p.229.

<sup>77</sup> Nusf al Nusf was a member of that committee too.

<sup>78</sup> Milaij, p.229.

invested in forging strong links with politicians like Dr Ahmad al-Khatib who were affiliated with the Arab Nationalist Movement. These strong ties were cemented further due to the strong social ties between Dr al-Khatib and members of the mercantile community. Dr al-Khatib himself was married to the granddaughter of Mulla Salih, Shaykh Mubarak's secretary.

When it comes to the government's side of the equation, historical experience shows that it tended to create appointed, rather than elected, bodies in response to mercantile pressure. In this case, the ruler created the Higher Executive Committee which did not last for a long time because some of its members refused to accept its decisions. The government responded again to mercantile and nationalist criticisms by creating another appointed body, the Supreme Council.

Another trend seen in the Higher Committee experiment was the inclusion of more members of the ruling family - especially the younger generations - in public life. This is a common theme in the establishment of what Herb calls dynastic monarchies, where the ruling families would increasingly knit family members into the emerging state bureaucracy.<sup>79</sup> It must be remembered that the political agent at the time, De Gaury, noted that during the events of 1939 the ruler decided to bring more relatives into the public sphere. At the same time, other members of the older generation such as Shaykh Fahad al-Salim, the ruler's brother, and Shaykh 'Abd Allah al-Mubarak became more powerful through their vast administrative empires.<sup>80</sup>

#### **4.4 The formation of the Supreme Council: Government consolidates control**

The Higher Executive Committee had lost steam and in November 1955 the ruler established the Supreme Council to replace it. Its formation decree stressed the importance of

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<sup>79</sup>Herb, *All in the Family*, p.22,75.

<sup>80</sup> al-Khatib, *al-Kūwaīt min al-Imāra illā al-Dawla: Dhikariyyāt fī al-'Amal al-Watanī*, p.188.

speeding up the administrative reform process.<sup>81</sup> This new council included all heads of the government departments, as well as members of the previous committee. Its members were: Shaykh Fahad al-Salim, Shaykh Sabah al-Salim, Shaykh Mubarak al-Hamad, Shaykh Jabir al-‘Ali, Shaykh Sabah al-Ahmad, and Shaykh Sa‘ad al-‘Abd Allah. In a clear demonstration of the domination of the ruling family on the newly emerging state bureaucracy<sup>82</sup> Shaykh ‘Abd Allah said that this new council would focus more on policy than issues of detail.<sup>83</sup> Unlike its predecessor, the council was marketed as a channel for citizens to voice their complaints directly to officials via petitions.<sup>84</sup>

The creation of the Supreme Council coincided with some important political events in the region and Kuwait was not isolated from them. Kuwaitis were being influenced by newspapers and the activities of social clubs which helped shape public opinion. It was during these events that merchants - especially from the younger generation - further cemented their ties with nationalist politicians which we can view as an investment in their portfolio of political investments. The two sides complimented each other: besides enjoying good social ties both had similar outlooks and political perspectives.

Events during August took a dramatic turn because of the situation in Egypt concerning the Suez Canal. President Gamal Abdel Nasser called for a general strike across the Arab world. On 14 August 4,000 people went to the National Cultural Club in Kuwait, the base of the Arab Nationalist Movement, where 200 people clashed with security forces and the club was closed. Two days later most of the shops in the town were closed and security forces were sent to the central square to deal with another gathering.<sup>85</sup> The nationalist movement in Kuwait gained more momentum with the

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<sup>81</sup> Ibid., p.197.

<sup>82</sup> Confidential Annex, Diary No.2 of 1956, 23 January - 26 February, 1956, EA1017/5A, FO371/120550.

<sup>83</sup> G.W. Bell, to, D.M.H. Riches, Foreign Office, 1019/5/55, 6 November, 1955, EA1017/33, FO371/114588.

<sup>84</sup> Bell, to, D.M.H. Riches Esq., Foreign Office, 1019/3/56, 17 April, 1956, EA1017/14, FO371/120550.

<sup>85</sup> Diary No. 8 of 1956, 31 July – 26 August 1956, EA1017/29, FO371/120551.



decision to nationalise the Suez Canal. Representatives of various clubs decided to form the Committee of Clubs responsible for putting forward their demands.<sup>86</sup>

Tensions continued to rise with the news of the French arrest of the five Algerian leaders of the National Liberation Front (FLN) which were demanding independence for Algeria. Both the Department of Education and the Committee of Clubs called for a strike on 28 October. A mass meeting was organised, which was attended by senior officials such as Shaykh ‘Abd Allah al-Jabir, and it ended peacefully.<sup>87</sup>

The British and the French governments issued an ultimatum to both the Egyptian and Israeli forces to retreat ten miles from the Suez Canal.<sup>88</sup> By the end of October, news of the British ultimatum in Egypt became public. The Committee of Clubs condemned the British decisions, and called for a strike and a demonstration the next day. Notices were issued by the Department of Police stating that strikes and meetings would not be allowed. The following day shops shut early and the police dispersed crowds. Government departments functioned as usual and work on the development projects progressed uninterrupted.<sup>89</sup>

On 3 November, the Committee of Clubs issued a pamphlet calling for the strike to be extended. Shops were closed and some schools did not open their doors on that day. It also wanted to boycott British and French goods, vessels, and aircraft, to organise future strikes and to raise funds for Egypt and volunteers.<sup>90</sup> Fifty influential merchants met to discuss the boycott further and a 16-member Ways and Means Committee was formed. The Fund for Egypt was able to collect £1 million by the end of November.<sup>91</sup> However, the Committee of Clubs acknowledged that it could

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<sup>86</sup> A.K. Rothnie, to, E.F. Henderson, 1074/70/56, 10 September, 1956, EA1017/32, FO371/120551.

<sup>87</sup> Confidential Annex, Diary No. 11 of 1956, 28 October - 28 November, 1956, EA1017/41, FO371/120551.

<sup>88</sup> Simon C. Smith, *Kuwait 1950-1965: Britain, the Al-Sabah, and Oil*, Oxford, Oxford University Press, 1999, p.64.

<sup>89</sup> Confidential Annex, Diary No. 11 of 1956, 28 October - 28 November, 1956, EA1017/41, FO371/120551.

<sup>90</sup> Ibid.

<sup>91</sup> Ibid.

not get rid of British products, especially essential spare parts for certain industries, and by December the British were confident that the boycott would soon be over.<sup>92</sup>

In the wake of the Suez Crisis,<sup>93</sup> members of the reformist movement continued to press for further change. Dr Ahmad al-Khatib resigned from his job as a doctor with the Department of Health in January 1957. Colonel Jasim al-Qatami, a former chief of police and a descendent of a wealthy family, had done the same a year earlier as a sign of discontent over the government's response to the Suez Crisis.<sup>94</sup>

Aubrey Halford, Bell's successor as the British political agent in Kuwait, wrote that members of the reformist movement and of the mercantile class's younger generation who had been educated abroad were likely to push for more political reforms.<sup>95</sup> Halford, in a letter to Burrows the political resident in the Gulf, gave two examples of young members of the mercantile class who were politically active. The first was 'Abd al-Razzaq Khalid al-Zaid, editor of the National Cultural Club's publication *Sada al-Iman* and son of the former director of the National Bank of Kuwait, himself a rich merchant. Khalid al-Hamad was the second. He contributed several articles to *al-Ittihad*, the newspaper of the Kuwaiti Education Mission in Cairo. However, the political agent held that they would not adopt any radical ideas, but would be more "moderate" in their demands when compared to the more "radical" members of the Arab Nationalists.<sup>96</sup>

Dr Ahmad al-Khatib's memoirs also provided more evidence for this strong relationship between merchants and the nationalist movement. Before his death, Khalifa al-Ghunaim, a descendant of a mercantile family and a former ambassador and minister, revealed to Dr al-Khatib that he was a member of the 'Arab Secret Movement' which was headed by Dr Constantine Zoraiq

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<sup>92</sup> Confidential Annex, Diary No.12 of 1956, 29 November - 23 December, 1956, EA1017/43, FO371/120551.

<sup>93</sup> This referred to the Israeli attack on Egypt on 29 October 1956, for more information on the effects on Kuwait, see: S.C. Smith, *Kuwait 1950-1965: Britain, the Al Sabah and Oil*, Oxford, Oxford University Press, 1999, Ch.3.

<sup>94</sup> Southwell, to, D.M.H. Riches, 14 May, 1957, EA1018/11, FO371/126899.

<sup>95</sup> Ibid.

<sup>96</sup> Ibid.

and it had in its membership several prominent Kuwaiti mercantile figures, including ‘Abd Allah Hamad al-Saqr, ‘Abd al-Latif Thunayyan al-Ghanim, Khalid al-‘Adsani, Sarhan al-Sarhan, Yusuf Ahmad al-Ghanim, and Muhammad al-Ghanim. These names were given in Shafiq Juha’s book *al-Kitāb al-Aḥmar (The Red Book)*.<sup>97</sup> The strengthening of these ties proved to be a successful addition to their portfolio of political investments. Merchants found good allies in the nationalists to face what they considered to be government encroachment on their rights, and the events of 1958 are a case in point.

In February 1958 the local Reuters correspondent filed a report from Kuwait about the possibility that 70 reputable citizens, grouped in tens, might form advisory councils, and that there might be internal administrative changes.<sup>98</sup> A month later the idea of the departmental advisory committees was revived after the failure of previous attempts prior to the creation of the Higher Executive Committee in 1954. Shaykh ‘Abd Allah nominated 56 people to choose an electoral college consisting of 450 Kuwaiti citizens. They were elected on 28 March, and 12 members were considered to be from the reformist camp, while the rest were considered to be government supporters.<sup>99</sup>

There was no mention in the official gazette about these committees and it soon appeared that this was a short lived experiment. Representatives of the Shi‘i community were dissatisfied and claimed that they were not fully represented. Members of the reformist group argued that these committees could not be a substitute for representative government and submitted their resignations.<sup>100</sup> According to Halford, the higher authorities had reservations about two candidates and as a consequence some members refused to participate in these committees.

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<sup>97</sup> al-Khatib, *al-Kūwaīt min al-Imāra illā al-Dawla: Dhikariyyāt fī al-‘Amal al-Watanī*, p.102-3. Juha’s study, which is based on secret party documents, reveals that the pan Arab Red Book Group established a branch in Kuwait sometime between the mid 1930’s and early 1940’s. S. Juha, *al-Haraka al-‘Arabiyya al-Siriyya: Jama‘at al- Kitāb al-Aḥmar, 1935-1945*, Beirut, al Furat, 2004.

<sup>98</sup> Halford, Kuwait, to, Foreign Office, No.68, 24 February, 1958, EA1017/4, FO371/132757.

<sup>99</sup> Halford, Kuwait, to, Foreign Office, No.134, 1 April, 1958, EA1017/6, FO371/132757.

<sup>100</sup> A.K. Rothnie, to, Burrows, 7 April, 1958, EA1017/7, put in place 23 August 1995, FO371/132757.

Dr Ahmad al-Khatib offered a similar account of the British officials in his memoirs. According to him, a delegation from the Supreme Council forwarded the idea of having an elected council to assist it. They informed Dr al-Khatib that the Supreme Council would agree on the formation of the elected council on one condition: Dr al-Khatib must sign a document stating that he would not participate in the council if he won. Because there was no list of candidates, voters were free to choose their representatives and Dr al-Khatib was elected to stand in the council. Alongside him other members represented the most important mercantile families including: Al Ghanim, Al Saqr, Al Nusf, Al Kharafi, Al Qatami and Al Khalid. Despite Dr al-Khatib's resignation, members of the Supreme Council also demanded the resignation of Jasim al-Qatami, the former chief of police, and 'Abd al-Razzaq al-Zaid. Both were members of prominent mercantile families who also had good ties with nationalist politicians. In response to these demands other members tendered their resignation in what they considered to be an official encroachment into their own council's affairs.<sup>101</sup>

Despite the failure of the 1958 proposed council, members of the reformist camp and merchants continued to search for new ways to increase popular participation in the Kuwaiti administration. In the middle of August 1958, Shaykh 'Abd Allah gave his assent to the formation of the 'Kuwaiti League'.<sup>102</sup> Its founding members were a mix of Arab Nationalists like Dr Ahmad al-Khatib and former chief of police Jasim al-Qatami, and merchants like 'Abd al-Latif al-Ghanim, Yusuf al-Ghanim, Ya'qub al-Humaidhi, Ahmad al-Sarhan, Khalid al-Kharafi and 'Abd al-Razzaq Khalid al-Zaid. Dr al-Khatib stated that the formation of the league was an attempt to forge stronger ties with the mercantile community. In its first statement, the league stressed the importance of scientifically analysing the main problems facing Kuwaiti society.<sup>103</sup>

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<sup>101</sup> al-Khatib, *al-Kūwaīt min al-Imāra illā al-Dawla: Dhikariyyāt fī al-'Amal al-Watanī*, p.198-200.

<sup>102</sup> Halford, to, D.M.H. Riches, 1012/58, 27 August, 1958, EA1017/30, FO371/132757.

<sup>103</sup> al-Khatib, *al-Kūwaīt min al-Imāra illā al-Dawla: Dhikariyyāt fī al-'Amal al-Watanī*, p.165-6.

#### 4.5 Al-Shuwaikh events: Merchants in the nation building process

Political agitation by Arab Nationalists and merchants continued. On 1 February 1959 a small demonstration was held in support of Arab unity. More events were being organised at al-Shuwaikh secondary school and were attended by 20,000 people according to some estimates. At this rally, Jasim al-Qatami, a former chief of police, made some critical comments on the current situation. He argued that the country was currently ruled in a way unsuited to the twentieth century and he demanded further political reform.<sup>104</sup>

The response of the Kuwaiti authorities to these events was swift. On 2 February Shaykh ‘Abd Allah returned from Lebanon and attended a Supreme Council session, during which several appointments were made. Shaykh Sabah al-Salim was appointed president of the Department of Health and Shaykh Jabir al-Ahmad was made president of the Department of Finance. The next day, Jasim al-Qatami was summoned to the Department of Public Security. His passport was confiscated and he was dismissed from his job as the director of the Cinema Company. Dr Ahmad al-Khatib experienced the same situation.<sup>105</sup> The department also withdrew the passports of some newspaper editors including Khalid Khalaf and Ya‘qub al-Humaidhi.<sup>106</sup>

Societies and cultural clubs, which were considered to be the base of the reform movement, were also negatively effected by these events. The Department of Police shut down four clubs - the Graduates, Teachers, Cultural, and the Arab Union clubs - and officials searched the archives and records of these banned clubs.<sup>107</sup> The Kuwaiti League was also dissolved and the government indefinitely closed the local newspapers *al-Fajr* and *al-Sha‘ab*.<sup>108</sup>

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<sup>104</sup> Halford, to, Middleton, Political Resident Bahrain, 10112/59, 11 February, 1959, BA1017/13, FO371/140081.

<sup>105</sup> Ibid.

<sup>106</sup> Ibid.

<sup>107</sup> Halford, Kuwait, to, Foreign Office, No.91, 5 February, 1959, No.91, BA1017/2, FO371/140081.

<sup>108</sup> Halford, to, Middleton, Political Resident Bahrain, 10112/59, 11 February, 1959, BA1017/13, FO371/140081.

Soon after the al-Shuwaikh incident, Shaykh ‘Abd Allah issued a statement to the people of Kuwait expressing his disapproval of some young Kuwaitis’ actions. He acknowledged that there were some criticisms which could be directed at government departments and that these would be repaired soon. He also stressed that his door was open for any advice people wished to give.<sup>109</sup> These events had made the regime realise the importance of increasing the pace of administrative reform in response to public criticism. Shaykh Fahad al-Salim decided to devolve more powers to the officials in his departments.<sup>110</sup> In his dispatch to the political resident in Bahrain Sir George Middleton, the political agent Halford commented positively on these new appointments. In his view Shaykh Jabir was known to be tough on financial issues, vital to the task of controlling state finances.<sup>111</sup>

The Supreme Council by then was more preoccupied with legislative matters. Measures that were expected to come into effect included the creation of a seven-strong merchant advisory committee, which reported to Shaykh ‘Abd Allah and the Supreme Council through Shaykh Sa’ad al-‘Abd Allah and Shaykh Sabah al-Ahmad, president of the Department of Social Affairs. Members of the merchant’s Organisational Committee were: ‘Abd al-Hamid al-Sani’, Nusf al-Nusf, Muhammad al-Nusf, Yusuf al-Fulaij, Hamad al-Mishary, Masha’an al-Khudair and Khalid al-‘Adsani. Constitutionally, a civil law was being prepared with the assistance of Sanhoury Pasha, an attorney from Egypt.<sup>112</sup>

The restructuring of the state's political, administrative and economic bodies was moving at breakneck speed. More administrative reforms followed the events at al-Shuwaikh. Shaykh Fahad al-Salim, the ruler’s powerful brother, resigned from his various posts in May.<sup>113</sup> Various

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<sup>109</sup> Statement to the noble people of Kuwait, 4 February, 1959, BA1017/18, FO371/140082.

<sup>110</sup> Kuwait Agency, to, Bahrain, 10112/59, 19 February, 1959, BA1017/20, FO371/140082.

<sup>111</sup> Halford, to, Sir George Middleton, 10112/59, 11 February 1959, BA1017/14, FO371/140081.

<sup>112</sup> Halford, to, Sir George Middleton, 10112/59, 26 February, 1959, BA1017/20, FO371/140082.

<sup>113</sup> Halford, to, Foreign Office, No.315, 17 May 1959, BA1017/31, FO371/140083.

explanations were put forward for his decision, including the shaykh's prolonged absences from Kuwait and unconfirmed news about conflicts with the Department of Finance, which had refused to sign a £12 million cheque for the Department of Public Works headed by Shaykh Fahad. Shaykh Salim al-'Ali, the ruler's nephew, was the new president of the Public Works Department.<sup>114</sup> A month later, Shaykh Fahad died.<sup>115</sup>

Shaykh Jabir al-Ahmad, at the Department of Finance, also introduced budgetary and financial control measures.<sup>116</sup> Throughout the 1950s Shaykh Fahad had been able to create a vast administrative empire alongside Shaykh 'Abd Allah al-Mubarak and the ruler now wanted to check their powers. Both shaykhs - as stated earlier - had their reservations about decisions taken by the Higher Executive Committee. Shaykh Fahad too clashed with members of the elected committees that oversaw his departments at the beginning of the decade. By forming the Higher Executive Committee and then the Supreme Council, the ruler hoped to curb their accrued powers. In 1961 the Supreme Council voiced its criticism about the departments headed by Shaykh 'Abd Allah al-Mubarak which led to his resignation and departure from public life.<sup>117</sup>

Halford, the political agent, noted that calm was restored in Kuwait after al-Shuwaikh. The government, in his view, was still trying to modernise in order to manage its newly found wealth efficiently. People witnessed an improvement in their lives because of the establishment of a modern welfare state and some credit for this, he argued, should go to the ruler. Politically, Shaykh 'Abd Allah allowed his people to express freely their opinions and allowed them to protest to a certain degree through the cultural clubs and societies. Members of these societies benefited from free education and some of them even received their education abroad, an option available only to

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<sup>114</sup> Halford, to, Foreign Office, No.316, 17 May, 1959, BA1017/31, FO371/140083.

<sup>115</sup> Halford, to, R.A. Beaumont, Foreign Office, 10112/59, 17 June, 1959, BA1017/37, FO371/140083.

<sup>116</sup> Halford, to, Selwyn Lloyd, Secretary of State for Foreign Affairs, 10112/59, Despatch No.31, 11 June, 1959, BA1017/36, FO371/140083.

<sup>117</sup> Herb, *All in the Family*, p.76-79.

wealthy and merchant families.<sup>118</sup> As the year came to a close, there was news that these clubs might reopen. Shaykh ‘Abd Allah al-Mubarak gave his assent, but on two conditions. The first was that these clubs would not engage in any political activities, and if they did so they would be shut down. The second was that the Graduates Club would be dissolved permanently.<sup>119</sup>

In his farewell letter Halford commented on the process of change which Kuwait was undergoing. During this transitional process, he noted, Kuwaitis had become prouder of both their Arab and bedouin identities. In light of the rise in nationalist sentiment, this development had the potential to affect British interests in the country. Halford noted that merchants and conservative members of the older generations could offer balance in the face of nationalist ideas.<sup>120</sup> He also raised the important issue of extra-territorial jurisdiction, which revealed the extent to which Kuwait was becoming more independent. According to the 1899 Exclusive Agreement, the British authorities in the Gulf were responsible for any jurisdictional issues. Halford proposed passing more jurisdictional matters to Kuwaiti courts before the country gained independence.<sup>121</sup>

Recruitment into official posts was the final area within the merchants' portfolio of instrumental powers. Their participation in the legislative committee<sup>122</sup> had a lasting effect on Kuwaiti life in general: the legislative committee prepared the citizenship law. Some merchants themselves were appointed as members of the citizenship committees which were created in 1960 and were tasked with investigating citizenship applications.<sup>123</sup>

Citizenship in Kuwait had come to be considered a valuable financial asset by that time because of the rights and privileges which came with it. Those deemed ‘original Kuwaitis’ were

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<sup>118</sup> Halford, to, Sir George Middleton, 10112/59, Despatch No.6, 11 February, 1959, BA1017/14, FO371/140081.

<sup>119</sup> Kuwait, Agency, to, Residency, 10112/59, 10 October 1959, BA1017/50, FO371/140084.

<sup>120</sup> Halford, to, Selwyn Lloyd, 10112/59, Despatch No.42, 13 August, 1959, BA1017/44, FO371/140084.

<sup>121</sup> Ibid.

<sup>122</sup> Shaykh ‘Abd Allah the ruler appointed this committee in 1959 to advice on the necessary legislation which was needed in Kuwait. The committee worked alongside al-Sanhoury Pasha. It had in its membership: Khalid al-‘Adsani, Nurf al-Nurf and ‘Abd al-Hamid al-San‘i. (al-Milajj, p.230.).

<sup>123</sup> Agency, to, Arabian Department, Foreign Office, 10112/60, 11 September, 1960, BA1017/24, FO371/148911.



granted exclusive political rights and governmental posts. Naturalised Kuwaitis, on the other hand, were not allowed to stand for election to representative bodies such as the National Assembly and the Municipal Council and voting rights were only granted 20 years after naturalisation. Khalid al-‘Adsani, who was a member of the citizenship committee, said that the law was never intended to differentiate between Kuwaitis, rather it was an attempt to regulate the process of naturalising foreigners.<sup>124</sup> J.C.B. Richmond, Halford’s successor, pointed out that foreigners, especially those who raised their children in Kuwait, might develop negative feelings as a result of their exclusion and differential treatment.<sup>125</sup> He advised Kuwaiti officials to broaden the base of citizenship in order to secure the loyalty of the Arabs who worked and lived at Kuwait.<sup>126</sup> Merchants made up a significant number of those in the citizenship committee and so they were able to draw up the rules and guidelines on what and who constituted a ‘Kuwaiti’. Thus, they played a pivotal role in structuring the citizen/expatriate concept in Kuwait.

#### **4.6 Conclusion:**

By the end of the decade and before independence in 1961, merchants had lost their structural powers because the era of oil had arrived. However, this did not mean a complete departure from the local political scene in return for governmental contracts and favours. In fact, merchants were still pressing for more political and administrative reforms by utilising their instrumental powers. To deploy their instrumental powers, merchants had several options available from their portfolio of political investments. These included directly petitioning the ruler Shaykh ‘Abd Allah al-Salim, participating in elected and appointed bodies and creating strong ties between

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<sup>124</sup> Milaij, p.230.

<sup>125</sup> Richmond, to Earl of Home P.C., 10112/60, Despatch No.42, BA1017/20, FO371/148911.

<sup>126</sup> Richmond, to, Beaumont, Foreign Office, 10112/60, 10 October, 1960, BA1017/27 FO371/148912.

the younger members of the mercantile class and nationalist politicians. It should, however, be apparent from the discussion above that the merchants were not a cohesive, organised 'class for itself', but different individuals acting in different ways. Thus, some members, especially the younger generation, were more attracted to oppositional politics and the Arab Nationalists. Others preferred to exercise their political ambitions through involvement in government bodies and agencies.

Merchants' ability to exercise these instrumental powers early in the state formation process can be found in Thacker's argument that businesses might be able to extend their influence when their structural leverages are not powerful if they are able to engage in early policy reform attempts when their structural powers are strong.<sup>127</sup> Thus, merchants' ability to use their structural powers in the pre-oil era gave them more experience in dealing with their government, further increasing their interactions with the higher circles. Their close social proximity to the ruling family, whether it was through direct access to the ruler or through intermarriage strengthened this ability too. Thus, instead of simply arguing that the government bought them off, this argument can be refined to the conclusion that the government's decision to deal with the merchants instead of simply buying them off was due to their oppositional potential,<sup>128</sup> and due to their expertise and knowledge which was needed during the process of creating a modern welfare state.

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<sup>127</sup> Thacker, p.36.

<sup>128</sup> Crystal, p.57.

## **Chapter 5: 1961-1965: A new political order - Independence and the beginning of parliamentary life**

This chapter will cover the final five years of Shaykh ‘Abd Allah al-Salim’s rule, which were also the first years of Kuwait’s independence. During these five years Kuwait witnessed three foundational events: independence, the drafting of a constitution and, in turn, the beginning of official parliamentary life. These times were challenging for the young state. Less than a week after British protection ended, Kuwaitis faced a survival crisis when the Iraqi president ‘Abd al-Karim Qasim claimed Kuwait as part of his country, claims that would intermittently be made by Iraq again in the period leading up to the 1990 invasion.

Kuwait was also preoccupied with building its political system. A notable feature of this political change was the entry of more social groups such as the bedouin and the Shi‘a into the political arena, which up to this point had been dominated by the government and by merchants alongside their nationalist allies. The first task was to elect the Constituent Assembly, which would draft a constitution to formalise the decision making process further. Besides the Constituent Assembly, which served as a legislature during the interim period, a council of ministers was created, giving commoners another point of access to the political system. After the constitution had been ratified in November 1962, parliamentary life in Kuwait began after Shaykh<sup>1</sup> ‘Abd Allah al-Salim opened the National Assembly’s first session on 29 January 1963.

During this important phase of Kuwait’s political history, merchants tried to adapt to their new role as actors in a political scene which was no longer exclusive. The settings in which the merchants’ instrumental powers began to be utilised were completely different from before. Previous reforms had seemed to be experimental in their nature and did not last for long, including the 1921, 1938 and 1939 councils and the Higher Executive Committee created in 1954. Furthermore, there had been minimal societal input into these previous attempts at reform which

had arisen largely as the outcome of clashes between the government and the mercantile class. In the independence era, however, the decision-making process became increasingly formalised and codified in a constitution drafted by an elected Constituent Assembly.

In carrying out their reform agenda, merchants continued to employ their strong personal ties to the ruler. Shaykh ‘Abd Allah continued to seek advice from merchants on even some sensitive issues like his succession, which was the case when he chose his brother Shaykh Sabah al-Salim as heir apparent.

They also accepted official posts within the government. Kuwait still suffered from a lack of local skills and the government depended on mercantile expertise and knowledge, with some of them becoming ministers. This does not mean that ‘merchants’ were a cohesive political unit under the government's control. Indeed, minutes of the Constituent Assembly reveal that mercantile ministers stood against their colleagues in the cabinet and offered Constituent Assembly members their support.

Merchants also invested by participating in parliamentary politics and in the Constituent Assembly. The election of the Constituent Assembly was the first time that merchants formally dealt with the newly politicised factions in the society. The effect of the mercantile contribution to that assembly has had reverberations for contemporary Kuwaiti politics in the twenty-first century. Their participation in drafting the constitution was their chance to put more checks on the power of the ruling family, building on their previous attempts of doing so in the 1921, 1938, and 1939 councils. It was in the merchants’ own interests to create a political system that would offer them more points of access to be used whenever they wanted to voice dissatisfaction with the government.

In the National Assembly they also continued to ‘invest’ by strengthening their ties with nationalist politicians like Dr Ahmad al-Khatib. The merchants and the nationalists had some common characteristics, particularly their relatively higher levels of education. This alliance offered

the merchants a balance, compensating for their weak presence in parliament due to their small size in society. Reports sent by officials from the British embassy noted the active performance and participation by the merchants and their allies in parliament, in comparison with other members who were not as prominent. Besides working on more populist measures, merchant members of parliament also exhibited a keen interest in their own interests by proposing some tailor-made legislation, including making import licenses exclusive to Kuwaitis only.

Thus, the merchants were a heterogeneous group politically, displaying several diverse and cross-cutting motivations, including securing their economic interests and being influenced by Arab nationalism. They also tried to strike a balance between creating an economic system tailor made for them, and securing more political rights from their government at the same time in order to check the state's expanding influence into the political scene.

### **5.1 Setting the economic scene:**

During the five final years of Shaykh 'Abd Allah al-Salim's rule, the basis of Kuwait's rentier economy strengthened further. The government's control over the economy was spreading because it was a major source of employment: it indirectly controlled local demand and was a shareholder in many of the recently established companies.

Financially, Kuwait was becoming ever more dependent on oil as a major source of revenue. Kuwait oil constituted 91.8% of public revenues between 1952 and 1971.<sup>1</sup> The remainder of revenues came from customs duties and proceeds from the resale of publicly owned land.<sup>2</sup> Oil revenues increased although at a slower pace in comparison with the previous decade, with revenues reaching \$467.4 million in 1961, an increase of 4.8% compared with the previous year. In

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<sup>1</sup> 'A.K. al-Kuwari, *Oil Revenue of the Arabian Gulf Emirates: Patterns of Allocation and Impact on Economic Development*, PhD Thesis, Durham University, 1974, p.130.

<sup>2</sup> Ibid., p.131.

the final year of Shaykh ‘Abd Allah’s rule in 1965, revenues were \$567.50 million, an increase of 2.4% against 1964. Oil production also increased in a fluctuating manner. Production in 1961 reached 633.3 million barrels an increase of 2.3% against the amount produced in 1960, while in 1962 production rates increased 12.8% to reach 714.6 million barrels a year .<sup>3</sup>

Due to the capital intensive nature of the industry, the oil sector could not offer more jobs. According to the figures provided in a Foreign Office research department memorandum on the economy of Kuwait, the oil sector employed 10,000 people in 1960, a that figure dropped to 8,000 in 1965, representing 4.3% of the total labour force.<sup>4</sup> However, the service sector continued to create more jobs, largely filled by expatriates. In 1965 it was able to absorb 60% of the total labour force according to estimates by Khouja and Saddler.<sup>5</sup>

Government expenditure kept growing during the final five years of Shaykh ‘AbdAllah al-Salim’s reign, and current expenditures in the budget (which included public utilities and social services alongside law and order) expenditures were the fastest growing item, accounting for 50% of total expenditure in the 1962-3 budget.<sup>6</sup> The IBRD mission took a negative view of public utility expenditure which was high in comparison with returns. For example, the electricity and water deficit was KWD2.7 million in 1962-3, just under half of total expenditure, thus highlighting the greatly subsidised rates at which these utilities were sold.<sup>7</sup> Capital expenditure tumbled from 70% in 1953, to only 8.6% of total public expenditure 1965/6 as the initial large outlays on the development plan became smaller, however it started to pick up later on during the decade.<sup>8</sup> Other large items in the budget included the land purchasing scheme which accounted for 44% of total

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<sup>3</sup> Sadler and Khouja, p.26.

<sup>4</sup> Research Department Memorandum: The Economy of Kuwait FCO51/93.

<sup>5</sup> Sadler and Khouja, p.42.

<sup>6</sup> International Bank for Reconstruction and Development, Economic Mission to Kuwait , p.72.

<sup>7</sup> Ibid., p.72.

<sup>8</sup> al-Kuwari, p.135-136.

expenditure in 1959.<sup>9</sup> However, it steadily decreased since that time, reaching 25% in 1968<sup>10</sup> and finally standing at 3.3% by 1969-70.<sup>11</sup>

During that time, Kuwait also continued to invest its oil revenue surpluses abroad, a process managed by the Kuwait Investment Board in London on behalf of the ruler. Al-Kuwari estimated the balance of that fund in 1964 at KWD460 million, but noted that it was difficult to obtain clear estimates or figures, citing different figures provided by various studies.<sup>12</sup>

The legal framework for the Kuwaiti economy was further developed. In April 1961 a new currency, the Kuwaiti Dinar (KWD),<sup>13</sup> was introduced and on 13 May 1961 the Indian rupee ceased to be legal tender in Kuwait.<sup>14</sup> At the time of the IBRD mission visit to Kuwait, the government was preparing the Law for the Regulation, Protection, and Encouragement of Industry to exempt raw materials and semi-finished goods imports from taxes and customs duties for a period up to ten years. Under the law, Kuwaiti investors would have also access to heavily subsidised utilities and government files and data. The IBRD mission voiced its reservations about some of the provisions including the registration of companies, a practice which did not work well in free economies and would lead to the exertion of more pressure on authorities to inhibit competition.<sup>15</sup>

In 1960 the government passed the Law on Commercial Companies, which barred foreigners from entering several sectors like insurance and banking. Furthermore, the law made it compulsory for foreigners to have a Kuwaiti business partner to hold 51% of shares or equity. After the law was introduced some publicly listed share companies were established with government

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<sup>9</sup> Research Department Memorandum: The Economy of Kuwait FCO51/93.

<sup>10</sup> Ibid.

<sup>11</sup> al-Kuwari, p.136.

<sup>12</sup> Ibid., p.138.

<sup>13</sup> JCB Richmond, Kuwait Diary No.3, Covering the Period 25 Mar., to 24 Apr. 1961, 24 Apr. 1961 BK1013/5, FO371/156824.

<sup>14</sup> Kuwait Diary No.5 covering the period from 25 Apr. to 24 May, 1961, 24 May 1961, FO371/156824. BK1013/6.

<sup>15</sup> International Bank for Reconstruction and Development Economic Mission to Kuwait, p.121-2.

equity participation. The Kuwait National Petroleum Company was formed in December 1960 and was tasked with distributing petrol in Kuwait.<sup>16</sup> A month later in January 1961 the Kuwaiti Asbestos Industry Company was also created.<sup>17</sup> The IBRD mission noted that the private sector itself was eager to seek government participation in new ventures due to the latter's vast financial resources and its role as a major consumer in the economy.<sup>18</sup> Other legal developments included the prime minister announcement in his 1963 speech that foreigners would be barred from importing goods into Kuwait.<sup>19</sup>

The government implemented a host of provisions and policies to further benefit the private sector, including providing soft loans and giving some of its shares in some companies to the private sector. For example, the government gave up the administration and control of some industrial projects like the sand lime brick plant, and the cement factories which were owned by the Ministry of Public Works.<sup>20</sup> Furthermore, the Ministry of Finance provided both the Kuwait Oil Tankers Company and the National Asbestos Company with soft loans.<sup>21</sup>

## **5.2 Independence and the challenge of building a modern state**

History was made on 19 June 1961 when the ruler Shaykh ‘Abd Allah al-Salim al-Sabah and the British political resident Sir William Luce exchanged letters which cancelled the exclusive agreement of 1899 and gave Kuwait its independence. The ever-recurrent Iraqi threat to Kuwait was reconfirmed when on 26 June Colonel ‘Abd al-Karim Qasim announced that Kuwait was an

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<sup>16</sup> JCB Richmond, Kuwait Monthly Diary Covering the Period Nov.24 to Dec.24, 1960, BK1013/1, FO371/156824.

<sup>17</sup> JCB Richmond, Kuwait Monthly Diary Covering the Period Dec.25 to Jan.24, 1961, 24 Jan.1961 BK1013/2, FO371/156824.

<sup>18</sup> International Bank for Reconstruction and Development Economic Mission to Kuwait, p.57.

<sup>19</sup> G Jackson, ambassador to Kuwait, to, RA Butler, PC CH, FO, 10123/63, No.120, 12 Nov 1963 BK1015/40, FO371/162728.

<sup>20</sup> International Bank for Reconstruction and Development Economic Mission to Kuwait, p.63.

<sup>21</sup> Ibid., p.57.



Iraqi territory in the administrative jurisdiction of Basra. On the next day, the Kuwaiti government issued a statement making clear that it had a right to defend its territory and that it would take all the necessary action to do so. On 30 June Shaykh ‘Abd Allah, in line with Article (d) of the letters exchanged with the political resident, requested British military help and assistance. By 2 July, Brigadier Horsford was reporting that British troop deployments were complete and they were ready to protect Kuwait.<sup>22</sup>

During this critical phase merchants became actively involved in the independence process. The government was in need of their assistance because of the lack of qualified human resources at the time. Extensive mercantile relations in the Arab world and education] allowed them to be the best candidates to represent Kuwait in the international arena. The government sent several delegations abroad to forward its case. On 10 July Shaykh Jabir al-Ahmad left Kuwait for a tour of the Arab world, with a delegation that included some prominent merchants like ‘Abd al-‘Aziz al-Saqr, Nurf al-Nurf, Yusuf al-Ghanim and Hamad Shaykh Yusuf al-‘Isa,<sup>23</sup> head of the civil service commission.<sup>24</sup>

The crisis with Iraq revealed to the regime the overwhelming support it had from Kuwait’s citizens. According to Dr Ahmad al-Khatib, the government realised the importance of reconciling and cooperating with the opposition, especially those who were known for their support of nationalist ideas. As a result, Shaykh ‘Abd Allah appointed Jassim al-Qatami and Ya‘qub al-Humaidhi, both nationalists and descendants of wealthy families, and ‘Abd Allah al-Rumi to the Amiri Diwan, (the official office of the Amir of Kuwait).<sup>25</sup>

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<sup>22</sup> Kuwait Diary No.7 Covering the period from 25 Jun. to 24 July 1961, BK1013/8, FO371/156824, on the whole event.

<sup>23</sup> He is Shaykh Yusuf bin ‘Isa al Qina‘i’s son.

<sup>24</sup> Kuwait Diary No.7 covering the period from 25 Jun. to 24 July 1961, BK1013/8, FO371/156824, on the whole event.

<sup>25</sup> al-Khatib, *al-Kūwaīt min al-Imāra illā al-Dawla: Dhikariyyāt fī al-‘Amal al-Watanī*, p.214.

Entering public office was also a political ‘investment’ developed further by merchants from their portfolio of political investments especially after the creation of the Council of Ministers in 1962 which will be discussed later on. For example, Khalifa al-Ghunaim,<sup>26</sup> who came from a wealthy family was Kuwait’s first ambassador to the United Kingdom.<sup>27</sup> Staying in the Ministry of Foreign Affairs, al-Qatami was appointed as an undersecretary. With the assistance of Arab experts he planned the basis of Kuwait’s foreign policy, which was in line with Arab Nationalist ideologies.<sup>28</sup> During the final quarter of 1961, 54 countries recognised Kuwait’s independence and Arab League Forces replaced the British troops.<sup>29</sup>

The latest crisis with Iraq increased the pace at which some major political reforms were introduced. Democracy was not something new for Kuwait. There had been previous attempts to introduce elected councils to help run the country in 1921 and 1938. In July, the official gazette published Law 6/61 on the Municipalities Council, which stated that two thirds of its members would be elected and the rest would be appointed by the amir. This newly created body would be responsible for contracts and awarding monopolies.<sup>30</sup> However the government decided to postpone these elections due to the shortage of time, and the undesirability of holding both the constituent and municipal elections close together.<sup>31</sup>

More importantly, during 1961 Kuwait took its first step towards a democratic system with the announcement of elections for a Constituent Assembly that would write a constitution and act as a legislature during the interim period. Creating a Constituent Assembly was a useful opportunity for merchants to forward their own agenda of political reforms. Having a Constituent Assembly

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<sup>26</sup> The Al Ghunaim belong to the Al Zayid which is a branch of the ‘Aniza tribal grouping that other prominent mercantile families belonged too like Al Ghanim and Al Saqr.

<sup>27</sup> Kuwait diary no.9 covering the period from 25 August to 24 September. 1961, put in place 9 December 1993, BK1013/10, FO371/156824.

<sup>28</sup> al-Khatib, *al-Kūwaīt min al-Imāra illā al-Dawla: Dhikariyyāt fī al-‘Amal al-Watanī*, p.214.

<sup>29</sup> Kuwait Diary No.10 covering the period 25 September to 24 October 1961, BK1013/11, FO371/156824.

<sup>30</sup> Agency, to, Arabian Department, FO, 10117/61, 2 July 1961, BK1015/16, FO371/156825.

<sup>31</sup> British Embassy Kuwait, to, Arabian Department, FO, 10117/61, 15 October 1961, BK1015/27, FO371/156826.

was a clear sign from the regime that it was willing to share more powers with social actors. Merchants would be able to build on the achievements of their predecessors from the 1921, 1938 and 1939 councils. However this time the outcome of their participation in the Constituent Assembly would be longer lasting in comparison with the previous attempts. It would be difficult for the government to take any reversible steps, as future experiences with the unconstitutional suspensions of the 1975 and 1985 parliament proved. During these suspensions (which will be discussed in the following chapters), the government found itself returning to the 1962 constitution. The merchants in the Constituent Assembly also had to adapt to their new position in the political system: they were a group among other groups in a system beginning to accommodate more players. At this period, however, they were able to lead the discussions on many topics, thanks to their experience in politics and strong educational backgrounds.

*Al-Hadaf* on 9 August reported the possibility of merging both the merchant advisory council, which was formed after the al-Shuwaikh events in 1959, with the Supreme Council to form the Joint Council.<sup>32</sup> On 27 August, the official gazette published Decree 12/61, which amalgamated both the Supreme Council and the Merchant Advisory Council. This newly created body was responsible for writing the electoral law for the Constituent Assembly elections, which had to be held on 1 November. This latest decision underscored the ruling regime's willingness to embrace democracy as long as it could maintain their privileges.<sup>33</sup> This is even though members of the Supreme Council preferred an appointed Constituent Assembly, while members of the merchant advisory council wanted an elected one.<sup>34</sup>

The government decided to twice<sup>35</sup> postpone the Constituent Assembly elections and a final date was set for 30 December. It also amended the electoral law and reduced the constituencies

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<sup>32</sup> Ibid.

<sup>33</sup> Consulate General, to, Arabian Dept., FO, 10112/61, 27 August 1961, BK1015/22, FO371/156826.

<sup>34</sup> al-Khatib, *al-Kūwaīt min al-Imāra illā al-Dawla: Dhikariyyāt fī al-'Amal al-Watani*, p.226.

<sup>35</sup> Consulate General, to, Arabian Dept., FO, 10112/61, 10 September 1961, BK1015/26, FO371/156826.

from 20 to ten, each returning two deputies to the council. Despite these recent changes, candidates were still able to reach the assembly with a relatively small number of votes. Sir John Richmond, the British ambassador, also noticed that Kuwaitis themselves were not interested in the assembly elections. The biggest constituency, Jahra, had only 900 registered voters. Nor did newspapers offer any special coverage and simply stuck to more generic messages, like choosing the best candidates who would be able to serve their country.<sup>36</sup> In terms of candidates, Richmond saw from their statements that some of them did not fully understand the function of the assembly. He predicted that merchants who took some time to decide on whether they would stand in the election would do well in the upcoming elections. The British ambassador was of the view that some members of the merchant class were conservative and would not demand any radical reforms and some of them did even believe that politics and money did not go hand in hand.<sup>37</sup> Some merchants announced their intention to run in the next elections like ‘Abd al-‘Aziz al-Saqr, ‘Abd al-Latif al-Ghanim and Muhammad al-Nusf.<sup>38</sup>

Elections went on smoothly, according to the British embassy report, but garnered minimal interest. In terms of membership, merchants were represented by four members out of 20: ‘Abd al-‘Aziz al-Saqr, ‘Abd al-Latif al-Ghanim, Muhammad al-Nusf and Humud al-Zaid al-Khalid. They were joined by reformist figures like Dr Ahmad al-Khatib and Ya‘qub al-Humaidhi, an individual who also belonged to a wealthy mercantile family. It must be noted that Dr al-Khatib, who was known for his nationalist ideas, represented Jahra, which was mainly a bedouin constituency. He formed an alliance with ‘Abd Allah al-Shammari who represented the bedouin vote and both were able to reach the assembly.<sup>39</sup> This assembly also witnessed the appearance of some social sectors which had previously been neglected in politics, and the emergence of new actors on the Kuwaiti

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<sup>36</sup> JCB Richmond, to, The Earl of Home, No.85, 10123/61, 17 December 1961, BK1015/34, FO371/156826.

<sup>37</sup> Ibid.

<sup>38</sup> Ibid.

<sup>39</sup> al-Khatib, *al-Kūwaīt min al-Imāra illā al-Dawla: Dhikariyyāt fī al-‘Amal al-Watanī*, p.226.

political scene meant an end to the merchants' monopoly in this field. Notably, there were seven bedouin deputies in the assembly, who were largely seen as conservative and loyal to the regime: 'Abd Allah al-Shammari, Yusuf al-Mukhlid al-Mutairi, 'Abbas al-Munawir, 'Ali al-Athaina, Muhammad al-Sudairan, Nayif al-Dabbus and Khalifa al-Jarri.<sup>40</sup>

### **5.3 Writing the constitution: Mercantile moment of zenith**

Despite being a minority in comparison with other political actors like the bedouin, merchants proved to be the most vocal and active of the non-ruling family political actors. During these initial stages of Kuwait's independence they sought to secure more political rights and freedoms and to protect their commercial and economic interests from official interference and competition. As was the case in the previous period, they had to rely mainly on instrumental powers to achieve these goals, using three strategies from their portfolio of political investments: participating in parliamentary politics, entering the civil service, and exerting their influence on the amir by using their personal ties with him. They were motivated by a desire to secure their interests constitutionally, locking them in place and making it hard to change. Merchants were also influenced by utilitarian considerations, which had been the case during the deliberations which dealt with the formation of the State Audit Bureau. At the end of the day it was an attempt to balance their interests and the public interest.

On 6 January 1962, after elections were complete, the amir issued a transitional law which would act as an interim constitution while the Constituent Assembly prepared the permanent one. Freedom of speech was guaranteed in Article Six, but within the limits of the law.<sup>41</sup> This interim constitution marked a good step towards a democratic structure. The government become

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<sup>40</sup> The Constituent Assembly election results can be found in the Kuwait Politics Database: <http://www2.gsu.edu/%7Epolmfh/database/maj196200.htm>, accessed on 15 August 2014.

<sup>41</sup> Translation of the Kuwait transitional law, 6 January 1962, BK1015/3, FO371/162881.

theoretically accountable to an elected body which now represented a larger proportion of the Kuwaiti population in comparison with previous experiments. More importantly, the formal introduction of the principle of public accountability was a vital step in resolving some of the problems that had plagued Kuwaiti public administration, including inefficiency, corruption and extravagance.

Richmond noted that the Al-Sabah family received a clear message from the elections, that the public expected a council with real powers. He went further and stated that if the ruling family preferred to maintain the old system they would have found themselves clashing with the new assembly. The ambassador concluded that even though the assembly could not introduce new bills, it would still be able to apply some pressure to the government through members like Dr Ahmad al-Khatib who started off his tenure by scrutinising heavily the work of the government.<sup>42</sup>

Shaykh ‘Abd Allah’s next decision, on 17 January, was to appoint a Council of Ministers. The council had 11 ministers from the Al Sabah family who had previously been government department heads. Thus, the hegemony of the Al Sabah family over the state bureaucracy was cemented with independence. The council also contained three merchants: Minister of Justice Humud al-Khalid, Minister of Social Affairs and Labour Muhammad al-Nusf, and Minister of Health ‘Abd al-‘Aziz al-Saqr, also a well-known previous critic of the government.<sup>43</sup>

Because of their strong educational backgrounds, skills and close ties to the ruling families, it was expected that some merchants would be admitted to the Council of Ministers. Merchants were not newcomers to the civil service and the government had previously sought their services on many occasions. Mercantile ministers were able to stand united and impose their ideas on the council to a degree disproportionate to their numbers. They knew that they were a minority and decided to act to increase their influence given that reality. In a famous incident during an early

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<sup>42</sup> JCB Richmond, to, The Earl of Home, 10123/62, 13 January 1962, BK1015/9, FO371/162881.

<sup>43</sup> JCB Richmond, Kuwait, to, FO, No.39, 18 January 1962, BK1015/4, FO371/162881.

session, the ownership of a piece of land which the municipality had refused to register was mentioned to the cabinet. Humud al Zaid al-Khalid requested a tea break during which he and the other two merchants agreed that all council decisions should be made with a unanimous agreement or else they would tender their resignations.<sup>44</sup>

On 20 January, the amir inaugurated the first session of the Constituent Assembly. Its members elected the merchant ‘Abd al-Latif Thunayyan al-Ghanim as the assembly speaker and Dr Ahmad al-Khatib as his deputy.<sup>45</sup> Richmond was informed by a senior government official that the government vote was used to secure the vice presidency for Dr al-Khatib.<sup>46</sup> Before the session came to an end the president, ‘Abd al-Latif al-Ghanim announced that only elected members of the assembly would be allowed to vote.<sup>47</sup>

Two camps with different views and interpretations of the interim constitution emerged from these first sessions and tensions arose over the issue of voting. The Minister of Electricity and Water Shaykh Jabir al-‘Ali insisted on mentioning the members’ names and how they voted, and he argued that this would put an end to any incorrect claims that might have been made by any member outside the assembly. Both Muhammad al-Nusf and Dr Ahmad al-Khatib were against the minister’s insistence on public votes. In the fourth session, the Minister of Justice Humud al-Khalid also supported secret votes, and he was also joined by Ya‘qub al Humaidhi.<sup>48</sup>

In the fourth session, members discussed the legitimacy of ministers having membership of the assembly’s various committees. The ministers’ positions were further weakened when the Ministers of Health and Social Affairs ‘Abd al-‘Aziz al-Saqr and the Minister of Labour Muhammad al-Nusf supported the assembly members in their demands. Dr Ahmad al-Khatib

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<sup>44</sup> al-Khatib, *al-Kūwaīt min al-Imāra illā al-Dawla: Dhikariyyāt fī al-‘Amal al-Watanī*, p.251.

<sup>45</sup> JCB Richmond, Kuwait, to, The Earl of Home, 10123/62, 27 January 1962, BK1015/10, FO371/162881.

<sup>46</sup> MW Errock, Kuwait, to, SM Black Esq. FO, 10123/62, 11 March 1962, BK1015/18, FO371/162881.

<sup>47</sup> JCB Richmond, Kuwait, to, The Earl of Home, 10123/62, 27 January 1962, BK1015/10, FO371/162881.

<sup>48</sup> Third session minutes, 20 February 1962, p.5-6 found on the Kuwait National Assembly website: [http://www.kna.kw/chapter1\\_meetings/003.pdf](http://www.kna.kw/chapter1_meetings/003.pdf). Accessed on 18 August 2014.

argued that they could not be members of committees which had been formed to scrutinise the affairs of their own ministries. Minister of Interior Shaykh Saad al-‘Abd Allah argued that Article Three of the transitional constitution made all Kuwaitis equal before the law.<sup>49</sup> In a compromise that al-Nusf helped bring about, Shaykh Saad was appointed a member of the important constitution committee.<sup>50</sup> Dr al-Khatib failed to win the committee elections because he received 15 votes, while ‘Abd al-Latif al-Ghanim, Humud al-Zaid al-Khalid and Ya‘qub al-Humaidhi, all of whom represented the merchants, were members of that committee.<sup>51</sup>

Another matter which was a source of deliberation between both camps was the issue of immunity for Constituent Assembly members. The Minister of Justice Humud al-Khalid pointed out that this was common practice found in other legislative bodies, and it should be included in the assembly’s bylaws. The government’s constitutional expert and legal advisor Muhsin ‘Abd al-Hafiz argued that this issue contradicted some current laws and was not even covered in the interim constitution. Again, mercantile members such as ‘Abd al-‘Aziz al-Saqr, ‘Abd al-Latif al-Ghanim, Muhammad al-Nusf, Humud al-Khalid and Ya‘qub al-Humaidhi supported the immunity issue. Members then agreed on a proposal made by Shaykh Saad to request the amir to issue a law guaranteeing immunity. However, the Minister of Electricity and Water Shaykh Jabir al-‘Ali mentioned that this should be done through a verbal request rather than through a formal and a written request.<sup>52</sup>

Soon there were reports and rumours about a divergence in the views of both the government and the assembly. *Rose al-Yusuf*, an Egyptian newspaper, published an article banned in Kuwait which claimed that some conflicts were behind the delays in promulgating the constitution.

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<sup>49</sup> JCB Richmond, to, The Earl of Home, 10123/62, 4 April 1962, BK1015/21, FO371/162882. See also the memoirs of Dr Ahmad al-Khatib: al-Khatib, *al-Kūwaīt min al-Imāra illā al-Dawla: Dhikariyyāt fī al-‘Amal al-Watanī*, p.231.

<sup>50</sup> JCB Richmond, to, The Earl of Home, 10123/62, 4 April 1962, BK1015/21, FO371/162882.

<sup>51</sup> al-Khatib, *al-Kūwaīt min al-Imāra illā al-Dawla: Dhikariyyāt fī al-‘Amal al-Watanī*, p.231.

<sup>52</sup> Fourth session minutes, 24 February 1962, p. 2-7. Found on the Kuwait National Assembly website: [http://www.kna.kw/chapter1\\_meetings/004.pdf](http://www.kna.kw/chapter1_meetings/004.pdf). Accessed on 18 August 2014.



According to the Egyptian newspaper there were several matters that were still being debated including the issue of succession and the choice of a suitable political system, such as having a presidential or a parliamentary system. The magazine noted that there was some preference to the latter, given the fact that the half the government was made up of members from the ruling family.<sup>53</sup> The *Rose al-Yusuf* article was to a certain extent true and conflict did occur during the assembly's debates. Members of the government and the assembly were soon preoccupied with discussing the articles of the constitution and debates on these matters were, in some instances, heated.

During August, the Council of Ministers submitted amendments to the draft constitution that aimed to strengthen the powers of the executive. Thirteen articles were amended in total, including Article Four which dealt with the succession. When it came to the parliament, the government decided in its amendment to Article 56 to abolish the cap on the number of ministers. It was argued that no other constitution contained a similar clause, which would stand as an impediment towards creating new ministries whenever it was necessary to do so. Other articles that were amended included Article 80 which reduced the number of parliamentarians from 50 to 40. The government pointed to the fact that the electorate was too small, and under the proposed terms every 200 to 300 Kuwaitis would have a parliamentarian.<sup>54</sup> Others preferred 50 to 60 members of parliament due to the difficulties in staffing the various committees in the Constituent Assembly. The constitutional committee agreed on a 50-member parliament with a cabinet a third of that size.<sup>55</sup> In its amendment of Article 101, the government made it more difficult to impeach a minister, since a two third majority vote, instead of a simple majority, was now needed.<sup>56</sup> However, the assembly refused to ratify the government changes and the article was passed in its original form.<sup>57</sup>

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<sup>53</sup> JCB Richmond, to, RS Crawford, FO, 10123/62, 8 July 1962, BK1015/30, FO371/162882.

<sup>54</sup> JCB Richmond, Kuwait, to, AR Walmsley, FO, 10123/62, 15 August 1962, BK1015/37, FO371/162882, on the government amendments.

<sup>55</sup> al-Khatib, *al-Kūwaīt min al-Imāra illā al-Dawla: Dhikariyyāt fī al-'Amal al-Watanī*, p.233.

<sup>56</sup> JCB Richmond, Kuwait, to, AR Walmsley, FO, 10123/62, 15 August 1962, BK1015/37, FO371/162882.

<sup>57</sup> al-Khatib, *al-Kūwaīt min al-Imāra illā al-Dawla: Dhikariyyāt fī al-'Amal al-Watanī*, p.234.

It could be argued that this was a normal outcome because each camp would naturally aim to secure more rights when designing a new political system. Members of the ruling family, like Shaykh Sa‘ad al-‘Abd Allah and Shaykh Jabir al-‘Ali adopted a more conservative approach during the assembly deliberations. It was clear that members of the ruling family did not want to weaken their position in the new political order. The sensitive matter of succession was a case in point. Members from the reformist group put forward several suggestions, including the election of a successor to the amir by the assembly, or the amir nominating three candidates and the assembly choosing one of them. But both ideas were rejected.<sup>58</sup> ‘Ali al-Radwan, the secretary general of the Constituent Assembly, claimed in an interview with *al-Qabas* newspaper that Shaykh Saad was against including the issue of succession in the constitution, leaving it to the amir alone to decide.<sup>59</sup> This issue was finally settled on 30 October when the assembly agreed on Article Four with no amendments.<sup>60</sup> The article stressed that Kuwait is a hereditary monarchy ruled by the descendants of Shaykh Mubarak al-Sabah. The heir apparent is appointed if the majority of the National Assembly members offer their allegiance to a nominee selected by the amir. In the case of the assembly failing to do so, the amir would nominate another three candidates, and the National Assembly must offer one of them their allegiance. On the same day, 30 October, the amir appointed Shaykh Sabah al-Salim as his heir apparent.<sup>61</sup>

Dr Ahmad al-Khatib’s account on the choice of the heir apparent also provides more evidence on the strength of mercantile instrumental powers. Although legally he was not obliged to do so, Amir Shaykh ‘Abd Allah al-Salim had earlier requested ‘Abd al-Latif al-Ghanim and members of the assembly to nominate an heir apparent. Al-Ghanim held a meeting with ministers who were not from the Al Sabah family. Present also was Dr Ahmad al-Khatib, Ya‘qub al-Humaidhi

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<sup>58</sup> JCB Richmond, to, RS Crawford, FO, 10123/62, 8 July 1962, BK1015/30, FO371/162882.

<sup>59</sup> *al Qabas*, 14 June 2009 <http://www.alqabas.com.kw/node/599710> . Accessed on 20 August 2014.

<sup>60</sup> JCB Richmond, to, Lord Home, BK1015/50, 19 November 1962, BK1015/50, FO371/162883.

<sup>61</sup> Richmond, FO, telegram no.617, 30 October 1962, BK1015/46, FO371/162883.

and Sulaiman al-Haddad, members of the Constituent Assembly. This group chose Shaykh Sabah al-Salim.<sup>62</sup> The amir's willingness to consult the merchant class on this issue highlights the special status it enjoyed, something that would later on decline as more social groups became engaged in the political process.

Merchants continued to press for more political rights and tried to safeguard their commercial interests at the same time. In achieving these goals, merchants were aided by their nationalist allies in the assembly, who provided them with a good balance that compensated for their small size, especially when tensions escalated with the government. In September, the assembly was able to pass 122 articles. Many more, especially those that dealt with sensitive matters, were scheduled to be addressed at a future date.<sup>63</sup> Discussions on these issues were resumed in October and they revealed the increasing gap between both camps, especially when the assembly rejected nine out of 13 amended articles.<sup>64</sup>

Creating an open and a democratic political system was vital for the protection of mercantile commercial interests, as it offered them more institutionalised points of access to the political system, such as the National Assembly and the Council of Ministers. Historical experiences with the government might have pushed them towards ensuring the formalisation of these political rights. The events of the pre-oil era revealed to the merchants the dangers of being offered few formal options of expressing clearly their demands to the government, especially during times of economic depression or mismanagement. The deliberations of the Constituent Assembly showed that merchants did their best to create more channels allowing them to exert their influence. This was

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<sup>62</sup> al-Khatib, *al-Kūwaīt min al-Imāra illā al-Dawla: Dhikariyyāt fī al-'Amal al-Watanī*, p.2.

<sup>63</sup> JCB Richmond, to, AR Walmsley, FO, 10123/62, 27 September 1962, BK1015/42, FO371/162883.

<sup>64</sup> JCB Richmond, to, Lord Home, BK1015/50, 19 November 1962, BK1015/50, FO371/162883.

clear in the reservations made by Humud al-Nusf about Article 131, which barred ministers from practicing commercial activities during their official tenure.<sup>65</sup>

Merchants sought to protect their commercial interests further in Articles 16 and 20, both of which dealt with economic policy. Their preference was for a free market rather than any socialist inspired economic model.<sup>66</sup> Dr Uthman Khalil Uthman, the constitutional expert, mentioned to al-Saqr that when it came to the economy, these articles would acknowledge the importance of public and private ownership of capital and the laws which would come later would clearly draw the limits of each. Al-Saqr argued that the government's interference in the economy would make people more dependent on it. This was not considered a welcome development in a country like Kuwait, which had neither heavy industry nor a strong agricultural sector. He demanded a clear definition of the boundaries of the government's interference in the economy, and Dr Uthman mentioned that this would be dealt with further in the constitution's explanatory notes.<sup>67</sup>

The other sensitive issue was Article Two. This stated that the Islamic sharia was a major source of legislation. Some members, especially the Islamist and bedouin conservatives, demanded that sharia must be the sole source of legislation. However the article was left intact. Humud al-Khalid, the Minister of Justice raised an important point when he mentioned that if members chose to literally apply the Islamic sharia, then they would face an important issue about the suitability of the political system. According to al-Khalid, Islamic sharia acknowledged a *shura* (consultative) and not a hereditary political system. The Minister of Health 'Abd al-'Aziz al-Saqr added that the literal application of the Islamic sharia would have implications for the banking system in Kuwait which used interest rates.<sup>68</sup>

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<sup>65</sup> Session minutes, 24 October 1962, found on the Kuwait National Assembly website: [http://www.kna.kw/chapter1\\_meetings/0024.pdf](http://www.kna.kw/chapter1_meetings/0024.pdf), p.26. Accessed on 20 August 2014.

<sup>66</sup> JCB Richmond, to, AR Walmsley, FO, 10123/62, 27 September 1962, BK1015/42, FO371/162883.

<sup>67</sup> Session Minutes, 19 September 1962, pp.11-13 found on the Kuwait National Assembly website: [http://www.kna.kw/chapter1\\_meetings/0019.pdf](http://www.kna.kw/chapter1_meetings/0019.pdf). Accessed on 21 August 2014.

<sup>68</sup> Session Minutes, 19 September 1962, p.7. Found on the Kuwait National Assembly website: [http://www.kna.kw/chapter1\\_meetings/0019.pdf](http://www.kna.kw/chapter1_meetings/0019.pdf). Accessed on 21 August 2014.

Alongside securing their own interests, merchants might have also mobilised their powers for more public, utilitarian considerations. It could be argued that financial mismanagement might not always harm them as long as they received special treatment from the government which was the case with the expensive land purchasing program. Giving the legislature a financial watchdog - the State Audit Bureau - might negatively harm mercantile economic interests if their dealings with and preferential treatment from the government came under investigation.

However, mercantile representatives of the Constituent Assembly were against attaching the bureau to the cabinet and insisted on making it part of the National Assembly. In its deliberations, the constitutional committee concluded that the subordination to the cabinet was only nominal, and a law would be issued to ensure its full independence. However, ‘Abd al-‘Aziz al-Saqr noted the unsuitability of such an arrangement, since the bureau was responsible for scrutinising the government’s accounts and expenditures, and he called for its subservience to the assembly instead of the government. The Minister of Health Muhammad al-Nusf and Ya‘qub al-Humaidhi supported al-Saqr’s arguments, and the assembly agreed on it too.<sup>69</sup>

Merchants could simply have been content with the original arrangements to keep the bureau under the cabinet control. However, previous experiences - like the failures of the first development plan - had highlighted to merchants the importance of imposing more checks on the government, especially concerning financial issues. Hence, such a watchdog would be able to scrutinise the government expenditures, much more influentially than the merchants within the state bureaucracy could. Merchants were therefore willing to sacrifice some of their own potential benefits in order to curtail the growing influence of the government. Subsequent events, such as the crash of the illegal stock market in 1982, proved the farsightedness of al-Saqr and his colleagues when the bureau helped in revealing some of the financial violations made during those times. In

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<sup>69</sup> Session Minutes, 24 October 1962, p.30–32. Found on the Kuwait National Assembly website: [http://www.kna.kw/chapter1\\_meetings/0024.pdf](http://www.kna.kw/chapter1_meetings/0024.pdf). Accessed on 21 August 2014.

1991, the bureau also played a vital role in revealing some of the most embarrassing financial scandals and embezzlement cases that Kuwait has witnessed, including the Kuwait Oil Tankers Company case and other irregularities found within the management of Kuwait's foreign investment portfolio.

Hence, through their participation in the Constituent Assembly, the merchants left a long-lasting mark on Kuwait's modern political history. Despite the fact that some merchants gained ministerial posts, this did not signal a major change in their political views and mercantile ministers in many cases stood against the Council of Ministers. It must be remembered that by the time the Constituent Assembly was formed, more than a decade had passed since Kuwait had entered the major oil exporters club.

#### **5.4 The beginning of parliamentary life: Merchants still in the lead**

History was made on 11 November 1962 when the amir ratified the constitution.<sup>70</sup> What is remarkable about the Kuwaiti experience is that both the regime and the people were able to reach a political settlement in a peaceful manner, something that was not repeated elsewhere in the Gulf states.<sup>71</sup>

On 17 November, Law 35/62 was issued, which dealt with the parliamentary elections and an election date was set for 23 January 1963. Kuwait would be divided into ten constituencies, and members of the armed forces and naturalised Kuwaitis would not be eligible to vote for ten years after they gained citizenship.<sup>72</sup> Soon Kuwaitis found themselves busy preparing for their first ever parliamentary elections. Jasim al-Qatami, a member of the reformist group, submitted his

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<sup>70</sup> Chancery, Kuwait, to, Arabian Dept. FO, 10123/62, 18 November 1962, BK1015/50, FO371/162883.

<sup>71</sup> JCB Richmond, to, The Earl of Home, 10112/62, Despatch No.53, 27 Jun.1962, BK1015/29, FO371/162882.

<sup>72</sup> MCS Weston, to, MA Marshall, FO, 10123/62, 17 November1962, BK1015/53, FO371/162884.

resignation from his post at the Ministry of Foreign Affairs to participate in the elections.<sup>73</sup> The Minister of Health ‘Abd al-‘Aziz al-Saqr and the Minister of Justice Humud al-Khalid followed suit and submitted their resignations in order to stand in the upcoming elections.<sup>74</sup>

Elections were held on their scheduled date, 23 January 1963. It was estimated that 19,000 of the 21,000 eligible to vote (95%) had registered to do so. Richmond noted that some boundaries were drawn arbitrarily and he expected that the first parliament would tackle this matter. Having a small sized electorate made communal and family ties important for the success of candidates, especially given the absence of any candidates with clear economic or political programmes, according to the ambassador. Candidates required only a few hundred votes to win.<sup>75</sup>

According to a statement made by a senior official at the Ministry of Interior, the elections were fair, with 94% of the electorate turning out to vote. Members of the reformist group returned 12 members to the parliament, including Dr Ahmad al-Khatib and Jasim al-Qatami. Some prominent mercantile figures were also elected, including ‘Abd al-‘Aziz al-Saqr, ‘Abd al-Razzaq al-Khalid and Ya‘qub al-Humaidhi, while the former speaker of the Constituent Assembly, ‘Abd al-Latif al-Ghanim lost and was later appointed Minister of Health.<sup>76</sup> Other losers from the merchant class included Humud al-Zaid, the former Minister of Justice.<sup>77</sup> The bedouin were represented in the parliament by 19 members and some of them, like Yusuf al-Mukhlid, cooperated with Dr al-Khatib in the next assembly. Six Shi‘i members of parliament were also elected to parliament.<sup>78</sup>

After the election, the amir appointed a new cabinet under the premiership of his brother Shaykh Sabah al-Salim al-Sabah. Five members, a third of all ministers, were appointed from

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<sup>73</sup> JCB Richmond, to, AR Walmsley, 10116/62, 18 November 1962, BK1015/52, FO371/162884.

<sup>74</sup> Kuwait Radio, 18 January 1963, BK1015/4, FO371/168727.

<sup>75</sup> JCB Richmond, to, The Earl of Home, 10123/63, 19 January 1963, BK1015/5, FO371/168727.

<sup>76</sup> TAH Tyler, 30 January 1963, BK1015/5, FO371/168727.

<sup>77</sup> JCB Richmond, to, AR Walmsley, FO, 10123/63, 27 January 1963, BK1015/9, FO371/168727.

<sup>78</sup> 1963 parliamentary elections results, found in the Kuwait Politics Database: <http://www2.gsu.edu/%7Epolmfh/database/maj196300.htm>. Accessed on 23 August 2014.

outside the ruling family. Merchants were represented by three members in the cabinet, Minister of Commerce and Industry Khalifa al-Ghumain; Humud al-Zaid al-Khalid, who maintained his previous post as Minister for justice after his loss in the parliamentary elections, and ‘Abd al-Latif al-Ghanim, a former Constituent Assembly speaker who had failed to secure a seat in the election, was appointed minister for health.<sup>79</sup> What was remarkable about this cabinet is that it did not include any members of the reformist movement, despite the fact that four members were offered ministerial posts.<sup>80</sup>

On 29 January 1963, Shaykh ‘Abd Allah al-Salim al-Sabah opened the first session of parliament. The assembly elected ‘Abd al-‘Aziz al-Saqr, the former Minister of Health and a member of the wealthy Al Saqr family as the speaker of the parliament. Saud al-‘Abd al-Razzaq, who also came from a well-known family, was elected as his deputy.<sup>81</sup> Thus, merchants held the two most important posts within the assembly despite only a few of their members having been elected.

Parliamentary life began with a clash with the government. In April, in an anti-imperialist stand, 12 nationalist members submitted a motion to discuss abrogating the 1961 agreement and the letters exchanged with the United Kingdom about British protection for Kuwait. British ambassador Richmond was not surprised but did not anticipate any major repercussions.<sup>82</sup> The government responded by saying that these letters were a clear statement of Kuwait’s independence. Military assistance had proved useful during Iraqi President Qasim’s threats to annex Kuwait which were made immediately after Kuwait’s independence. In parliament, Dr Ahmad al-Khatib was satisfied with the government’s response, although the idea of joining an Arab federation would not be dropped by Dr al-Khatib.<sup>83</sup> Furthermore, there were rumours that the amir had been advised to

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<sup>79</sup> Richmond, to, FO, No.50, 29 January 1963, BK1015/7, FO371/168727.

<sup>80</sup> JCB Richmond, to, AR Walmsley, FO, 10123/63, 9 February 1963, BK1015/14, FO371/18727.

<sup>81</sup> Richmond, to, FO, no. 52, 29 January 1963, BK1015/8, FO371/168727.

<sup>82</sup> Richmond, to, FO, No.172, 8 April 1963, BK1015/21, FO371/162728.

<sup>83</sup> Richmond, to, FO, No.189, 16 April 1963, BK1015/23, FO371/162728.



dissolve the assembly and call for new elections to prevent “such foolish people” from being elected, but, according to the rumour, he refused to do so.<sup>84</sup>

Michael Errock, the British consul, was of the view that these events indicated some improvement in the government’s performance. In his view, some ministers were uneasy with the idea of accountability and in some cases refused to take any responsibility for the consequences of the decisions made by their ministries. However, the government was able to show its strength in front of the reformist group when it dealt with the abrogation motion. Ministers then became more cooperative in answering parliamentary questions, though Errock noted that senior civil servants would be more reluctant to make major decisions since they feared parliament’s oversight.<sup>85</sup>

These positive comments were in contrast to the views provided to Richmond by a member of the merchant class<sup>86</sup> who expressed his dissatisfaction with the conduct of some ministers. He went on to say that once inefficient members left the cabinet, things would improve significantly.<sup>87</sup> His criticisms were also echoed by Jasim al-Qatami who shed some light on Kuwait’s inflated salary bill which ate up 27% of the budget and which was ten times larger than Egypt’s which stood at 2.7%.<sup>88</sup>

Inside the parliament Dr al-Khatib’s group, which consisted of the nationalists and their mercantile allies, was active and was able to present a united front. Its position remained unchallenged in the short term since many members simply did not participate in the discussions. Errock estimated that only ten parliamentarians were active and some of them even lacked basic speechmaking skills. Members mainly focused on standing orders and on looking into petitions

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<sup>84</sup> AR Walmsley, minutes, 2 May, 1963, BK1015/31, FO371/162728.

<sup>85</sup> MW Errock, to, The Lord of Home, 10123/63, Despatch No.80, 10 July 1963, BK1015/35, FO371/162728.

<sup>86</sup> ‘Abd al-Latif al-Ghanim, minister for health.

<sup>87</sup> JCB Richmond, to, RS Crawford, FO, 21 April 1963, BK1015/28, FO371/162728.

<sup>88</sup> JCB Richmond, to, TF Brenchley, FO, 10112/63, 19 May 1963, BK1015/32, FO371/162728.

submitted by the public. The parliament did not pass much legislation during its first six months prior to the first recess.<sup>89</sup>

Shaykh ‘Abd Allah al-Salim opened the regular session of the parliament on 29 October 1963. Jackson stated that his speech from the throne did not contain any controversial policies and focused on economic issues. The government announced that only Kuwaitis would be allowed to import goods. This change in policy tested merchants as to whether they would put their own and other Kuwaitis' interests above the ideas of pan-Arabism, as many importers into Kuwait up to that time had been non-Kuwaiti Arabs.<sup>90</sup>

Prior to this speech, rumours abounded that Shaykh Sabah had resigned because he believed that a crown prince should not be involved in daily politics, since this might create rivalries and he might lose respect once he became amir. On 5 November an announcement was made in parliament that the amir had refused to accept his brother's resignation.<sup>91</sup>

There was some news about an upcoming government reshuffle in which Shaykh Jabir al-Ahmad would become the prime minister, and most interestingly, the possibility was also raised of Khalid al-Fuhaid, a member of Dr al-Khatib's group, being appointed Minister of Information and Guidance. Jackson, the ambassador, realised immediately that if the news about al-Fuhaid's entry into the cabinet was true, it would mark a break in the reformist bloc's position on refusing to accept ministerial posts.<sup>92</sup>

Shaykh ‘Abd Allah al-Salim finally ended speculation and issued a decree in March announcing the appointment of Humud al-Zaid al-Khalid as acting Minister of *awqāf* (religious endowments) and Islamic affairs. In addition, al-Fuhaid then entered the cabinet as Minister of

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<sup>89</sup> Ibid.

<sup>90</sup> G Jackson, ambassador to Kuwait, to, RA Butler, PC CH, FO, 10123/63, No.120, 12 November 1963, BK1015/40, FO371/162728.

<sup>91</sup> GN Jackson, to, TF Brenchley, Esq., FO, 10112/63, 13 November 1963, BK1015/41, FO371/162728.

<sup>92</sup> Ibid.

Electricity and Water. Another interesting appointment was that of Yusuf al-Rifa'e. Jackson believed that al-Rifa'e, who came from a wealthy family but represented a more Islamist view, would offer a balance to al-Fuhaid. Both al-Khatib and al-Qatami maintained their original position of refusing to participate in any cabinet.<sup>93</sup> Al-Fuhaid's assumption of a ministerial post showed the government's capacity to attract members from the opposition. However, al-Fuhaid soon clashed with the speaker of the assembly 'Abd al-'Aziz al-Saqr over the budget, and matters escalated to the extent that the latter submitted his resignation to the amir who refused to accept it.<sup>94</sup>

By the end of the parliament's first year merchants had invested both in parliamentary politics and in the bureaucracy through their membership of the Council of Ministers. During these initial phases merchants expressed some dissatisfaction with the government's inefficiency and they had some reservations about the political system which they helped to create. It is as if merchants were starting to feel the bite of wider public participation in the decision-making process. At that time, such criticisms remained within closed circles and were not made public. The parliamentary experience in Kuwait after all was still young and the situation for most merchants still did not call for open revolt.<sup>95</sup>

This dissatisfaction can be seen in some of the opinions expressed to British officials by two prominent mercantile figures, who were members of the Constituent Assembly, and by members of the Council of Ministers. In a conversation with Ambassador Jackson, a member of the merchant class who was also a senior government official<sup>96</sup> said that although the amir's stated aim was to decentralise power, some ministers doubted this. He also noted that although in the past merchants had assisted with public administration, the power of the merchants in Kuwait had diminished since

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<sup>93</sup> MW Errock, to, JA Snellgrove, Arabian Dept. FO, 10112/64, 17 March 1964, BK1015/9, FO371/174584.

<sup>94</sup> CT Gandy, to, RA Butler, FO, 10123/64, 10 August 1964, BK1015/17, FO371/174584.

<sup>95</sup> However many merchants made their dissatisfaction public when they announced their disapproval with the 1967 parliamentary elections and their withdrawal from the new parliament an event which will be discussed in the next chapter.

<sup>96</sup> 'Abd al-Latif al-Ghanim, the minister for health.

the creation of the parliament. The same official made some critical remarks about the legislature, which, in his view, had some “irresponsible” members who were not well enough educated, which made constructive discussion was difficult.<sup>97</sup> He suggested a reduction in the size of parliament to a 25-member council, responsible for choosing members of the Council of Ministers which he believed should also be half of the size of parliament.<sup>98</sup>

These views were echoed by another merchant<sup>99</sup> with an official post who saw the government as a weak father that spoiled his children. He was also pessimistic about the chances of the parliament rectifying the damage happening at a government level.<sup>100</sup> However, merchants fully realised that at the same time this system suited their interests well because it offered them more avenues to voice their concerns whether it was through the National Assembly or the Council of Ministers.

The National Assembly in general did not achieve much during its first year and this was largely expected. The parliament had to deal with the inevitable teething problems of a new institution. Lawmaking was a time-consuming matter. In February 1964 alone, 20 pieces of legislation were in line to be passed to a legislative committee unable to cope with its workload.<sup>101</sup> In terms of the performance of parliamentarians, some of them still lacked the necessary skills for the role. It was clear to Gandy from his own observations that parliament, whose sessions often turned into verbal clashes, was still not performing one of its main tasks - holding government policy to account.<sup>102</sup>

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<sup>97</sup> GN Jackson, to, TF Brenchley Esq. FO, 10112/64, 28 April 1964, BK1015/11, FO371/174584.

<sup>98</sup> Ibid.

<sup>99</sup> Humud al-Zaid al-Khalid, the former minister for justice.

<sup>100</sup> Christopher Gandy, Kuwait, to, TF Brenchley Esq. FO, 10123/64, 31 August 1964, BK1015/23, FO371/174584.

<sup>101</sup> MCS Weston, to, SM Black, FO, 10123, 24 February 1964, BK1015/7, FO371/174584.

<sup>102</sup> CT Gandy, to, RA Butler, FO, 10123/64, 10 August 1964, BK1015/17, FO371/174584.

## 5.5 Kuwait's first constitutional crisis: A mercantile government brought down

Shaykh Sabah al-Salim continued to believe in the unsuitability of his being both prime minister and heir apparent at the same time. As such, he insisted on resigning before the beginning of the new session in October 1964.<sup>103</sup> On 1 December Shaykh Sabah submitted his resignation and the amir once again refused to accept it.<sup>104</sup> A few days later a decree was issued that appointed the cabinet and at the same time caused the first constitutional crisis in Kuwait. Commoners in this newly created cabinet held nine out of the 15 ministerial posts.<sup>105</sup> The admission of more merchants, who were in some cases related to each other, was a remarkable aspect of this reshuffle. 'Abd al-Latif al-Ghanim, the former minister of health, was appointed minister of public works and he was succeeded by Humud al-Nusf. Muhammad al-Ghanim, who was related to al-Nusf, was appointed minister of justice. 'Abd al-'Aziz al-Shaya, another merchant, became the new minister of electricity and water.<sup>106</sup> As in previous cabinets, Dr al-Khatib's group was not represented.

This newly formed government did not survive for long, as it failed to gain the confidence of the parliament. On 8 December, Shaykh Sabah al-Salim was supposed to present his government's policy to parliament. However, 31 members led by the deputy speaker Saud al-'Abd al-Razzaq decided to boycott the session. They were not satisfied with the new cabinet. It was claimed that only the speaker of parliament, al-Saqr, had been consulted about it and who, according to the British ambassador, offered to resign his post.<sup>107</sup>

Yusuf al-Rifa'e, the minister of post, telegraphs, and telephones, saw the appointment of many merchants to ministerial posts as the main reason behind the crisis. Parliament, he thought,

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<sup>103</sup> MCS Weston, to, MS Berthoud, Arabian Dept. FO, 10712/64, 27 October 1964, BK1015/38, FO371/174584.

<sup>104</sup> MCS Weston, to, MS Berthoud, Arabian Dept. FO, 10112/64, 1 December 1964, BK1015/45, FO371/174584.

<sup>105</sup> Jackson, to, FO, No.403, 6 Dec. 1964, BK1015/46, FO371/174584.

<sup>106</sup> December 1964 government reshuffle, found in the Kuwait Politics Database: <http://www2.gsu.edu/~polmfh/database/govt21.htm>. Accessed on 24 August 2014.

<sup>107</sup> GN Jackson, to, TF Brenchley Esq. Arabian Dept. FO, 10112/64, 15 December 1964, BK1015/49, FO371/174584.

empowered many elements from Kuwaiti society, such as the middle class and the bedouin who were excluded from politics for generations. Therefore there was a sense of dissatisfaction among some parliamentarians over what they saw as the domination of merchants.<sup>108</sup> Al-Fuhaid himself was a leading member of the opposition group, which included Khalid al-Mudhaf and Khalifa al-Jarri, and even al-Rifa'e himself sympathised with them.<sup>109</sup> Critics of the merchants' role justified their position by drawing on Article 131, which banned a minister from practising any business during their tenure.<sup>110</sup>

Dr Ahmad al-Khatib, who was not a member of the dissident group, offered a different account. He said that a minister from the ruling family decided to create a lobby to block the appointment of the government. This was, according to al-Khatib, part of a power struggle between the ruling family itself. Al-Khatib was against the use of Article 131 because the next cabinet would inevitably have to include merchants. He believed that the rivalry between the different factions of the ruling family was the main cause behind the confrontation.<sup>111</sup>

The Kuwaiti press criticised both the government and the boycotters. Shaykh 'Abd Allah was in Bombay and there was some speculation over whether or not he would dissolve the parliament. Ministers like 'Abd al-'Aziz Husain, Khalid al-Fuhaid and Shaykh Jabir al-'Ali offered their resignations which were later withdrawn. On 15 December, Shaykh Sabah and his government tried to take the oath in parliament but once more failed to do so because of the lack of quorum. However 'Abd al-'Aziz al-Saqr, the speaker of the assembly, aided by the legal advisor and by Dr al-Khatib and Jasim al-Qatami, tried to convince the parliamentarians to allow the government to

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<sup>108</sup> Y.S.H. al-Rifa'i, *al-Azma al-Dustūriyya al-Uwlā fī Hayāt Majlis al-Umma al-Kūwaītī*, (The First Constitutional Crisis in the Life of the Kuwaiti Parliament), Kuwait, Sharikat al-Rubaia'an li-l-Nashr, 1996, p.7.

<sup>109</sup> Ibid., p.11.

<sup>110</sup> Ibid., p.7.

<sup>111</sup> al-Khatib, *al-Kūwaīt min al-Imāra illā al-Dawla: Dhikariyyāt fī al-'Amal al-Watanī*, p.269-270.

take the oath and then have a vote of no confidence. Al-Saqr's attempts failed when members 'Abd al-Baqi al-Nuri and Khalid al-Fuhaid led their groups out of the hall.<sup>112</sup>

According to a British embassy report dated 15 December, there was some evidence that al-Nuri and Khalid al-Mudhaf were promised ministerial posts. However, according to the report, Minister of State for Cabinet Affairs 'Abd al-'Aziz Husain convinced the prime minister to appoint Muhammad al-Ghanim and 'Abd al-'Aziz al-Shaya and the report did not give any reasons for Husain's choice. Dr al-Khatib was critical of the assembly on the grounds that members should have carried out their business in the hall instead of walking out, and he explained this behaviour as further evidence that many parliamentarians were untutored in both their rights and responsibilities.<sup>113</sup>

The government now searched for candidates who were not merchants, members of parliament or civil servants. As Ambassador Jackson noted, in Kuwait this did not leave many to choose from.<sup>114</sup> According to one of Dr al-Khatib's sources, some ministers who submitted their resignation demanded that the amir remove a member of the ruling family and Khalid al-Fuhaid from the cabinet. Once Shaykh Sabah was reappointed as prime minister, al-Fuhaid and a member of the ruling family participated in choosing members for the new cabinet.<sup>115</sup>

On his return to Kuwait, the amir needed either to suspend the parliament and call for new elections, or to form a new government. He chose the second option and reappointed Shaykh Sabah al-Salim as prime minister.<sup>116</sup> On 3 January 1965 the cabinet was sworn in. Like its predecessor it had nine ministers from outside the ruling family.<sup>117</sup> It included some ministers who had their own

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<sup>112</sup> GN Jackson, to, TF Brenchley Esq. Arabian Dept. FO, 10112/64, 15 December 1964, BK1015/49, FO371/174584.

<sup>113</sup> Ibid.

<sup>114</sup> GN Jackson, to, TF Brenchley, Arabian Dept. FO, 20 December 1964, BK1015/50, FO371/174584.

<sup>115</sup> al-Khatib, *al-Kūwaīt min al-Imāra illā al-Dawla: Dhikariyyāt fī al-'Amal al-Watanī*, p.269.

<sup>116</sup> al-Rifa'i, p.23-5. Shaykh Sabah's letter to the amir.

<sup>117</sup> Jackson, to, FO, No.3, 3 January 1965, BK1015/50, FO371/174584, contains a list of the newly appointed ministries.

small commercial interests and some, like ‘Abd al-‘Aziz al-Fulaij, the minister of health, who came from a wealthy family. In the course of forming his cabinet Shaykh Sabah had approached members of the merchant class, but many had refused to join (despite their businesses being managed by others) because they feared being attacked in the assembly. Moreover, ‘Abd al-Baqi al-Nuri and Khalid al-Mudhaf, who were behind the rebellion, refused to enter the cabinet.<sup>118</sup>

The motives behind the amir’s decision to appoint a new government have been interpreted in many ways. Dr Ahmad al-Khatib offered two interpretations: that he intended to boost democracy in Kuwait; or, that earlier demands made to the amir to remove a member of his family and al-Fuhaid from the cabinet was considered to be an interference in the amir’s powers and he therefore preferred to dismiss the whole cabinet instead of giving in to these calls.<sup>119</sup>

Ministers who submitted their resignations viewed the amir’s decision as evidence of indirect support for the opposition. ‘Abd al-‘Aziz al-Saqr, the speaker of the assembly, submitted his resignation on this basis. He mentioned to other members that this matter was not raised in his subsequent meeting with the amir, which, according to Dr al-Khatib meant that the amir indirectly supported his decision. Saud al-‘Abd al-Razzaq succeeded al-Saqr after he insisted on resigning.<sup>120</sup>

In his resignation letter al-Saqr voiced, once more, his objection to the barring of businessmen from entering the cabinet and stated that there was a need for their experience in policymaking. Jackson saw al-Saqr’s resignation as caused by two, possibly overlapping, reasons: his embarrassment at the downfall of the government and his desire to focus more on his job as president of Kuwait’s Chamber of Commerce and Industry. According to the British embassy

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<sup>118</sup> GN Jackson, to, TF Brenchley Esq. CMG, FO, 4 January 1965, BK1015/2, FO371/179834.

<sup>119</sup> al-Khatib, *al-Kūwaīt min al-Imāra illā al-Dawla: Dhikariyyāt fī al-‘Amal al-Watanī*, p.271.

<sup>120</sup> Ibid., p.272.



report, Al-Saqr's resignation also triggered the resignation of the private sector representatives of the Planning Board and the president of the Audit Commission.<sup>121</sup>

Merchants' exit from the cabinet might be seen as a sign of the political empowerment of other social groups. However this incident should not only be interpreted this way, especially if Dr al-Khatib's account of inter-family rivalries within the Al Sabah is taken into consideration. In either case, merchants were made to pay by reducing their presence in the government.

Mercantile commercial interests still remained intact despite their embarrassing exit from the cabinet. There had been minimal legislative clashes over economic issues. In terms of the legislative environment, most of the laws which had been passed, such as the Companies Law No. 15/1960, the Commercial Agency and Representatives Law No.68/1964 and the Public Tenders Law No.37/1964 had been tailor made to suit mercantile interests.<sup>122</sup>

Their departure from the Council of Ministers did not mean an end to their influence in local politics. Merchants were still able to practice their instrumental powers through other portfolio investments, including parliamentary politics and using their personal links with the amir and other senior officials. According to Pete Moore's findings and interviews, business-state interactions occurred during this initial period of Kuwait's independence at informal meetings between the amir, other senior officials and chamber leaders like al-Saqr.<sup>123</sup> Moreover, merchants were still the preferred source of recruitment for ministerial appointments. In fact, merchants returned to the cabinet on the government's request in 1971, an event which will be discussed in the next chapter.

Merchants were also able to practise their instrumental powers to secure their commercial interests, and to maintain their influence in local politics through their 'investment' in the creation of the Kuwait Chamber of Commerce and Industry (KCCI). Pete Moore's study of the KCCI

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<sup>121</sup> GN Jackson, to, Michael Stewart Esq. PC. FO, 10112/65, Despatch No.14, 14 March 1965, BK1015/9, FO371/179834.

<sup>122</sup> Moore, p.56.

<sup>123</sup> Ibid., p.56.

provides good evidence on the merchants' ability to secure their economic interests through the chamber. He concluded that merchants realised that after their departure from the Council of Ministers in 1965, the KCCI was their only mean through which they could exert their influence.<sup>124</sup>

The Chamber Law was passed in 1959, and the leadership which emerged during that year consisted of mainly mercantile figures such as 'Abd al-'Aziz al-Saqr, Humud al-Zaid al-Khalid and Muhammad Yusuf al-Nusf. Elections were held in 1960 and these were similar to the pre-independence experiences of 1921, 1938 and 1939 in their exclusivity of the electorate.<sup>125</sup> 'Abd al-'Aziz al-Saqr, known for his opposition to the ruling family, was elected as the KCCI's first president.<sup>126</sup>

The chamber allowed merchants to organise themselves more, and this was clear in the awarding of import licenses and state contracts. There seems to have been a division of labour among the mercantile class when it came to state contracts and they ended up distributing the various types of contracts among themselves. Both the import licenses and state contracts gave the chamber the necessary solidarity and cohesion needed during its initial phases.<sup>127</sup> During the beginnings of the 1960's, the chamber was also responsible for arbitrating commercial disputes due to the inability of the judicial system to look into such cases.<sup>128</sup> These tasks allowed merchants to safeguard further their commercial interests from any further government interferences.

This did not mean that the chamber was preoccupied only with rent seeking, as the political struggle between them and the government must be taken into consideration. The KCCI lobbied for more regulation and legal supervision from the government, alongside the application of brakes on budgetary growth. Merchants did their best to prevent the return of unregulated spending which had

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<sup>124</sup> Ibid., p.49.

<sup>125</sup> Ibid., p.46-47.

<sup>126</sup> Ibid., p.48.

<sup>127</sup> Ibid., p.52-53.

<sup>128</sup> Ibid., p.53.

been rampant during the 1950s. Memories of economic mismanagement by the government during times of minimal social participation in the decision-making process were still fresh. Part of the drive for more supervision could be related to the merchant's fears that uncontrolled spending might create a rival mercantile class. Merchants also realised that a proper and efficient administrative apparatus was important for their prosperity. Merchants would be able to submit more laws and suggestions to a bureaucracy over which they would have influence.<sup>129</sup>

Merchants were also able to exert their influence on the economic decision-making process by overhauling the Development Board in 1962. Members of some mercantile families like Al Fulaij, Al Kharafi and Al Nusf petitioned Amir Shaykh 'Abd Allah to revamp the Development Board which had been created in the 1950s. They realised that their admission to the Council of Ministers was a gift from the government which could be withdrawn at any time, as future experiences would prove. Instead, they wanted a more formal technocratic planning body which would institutionalise their influence over economic policymaking.<sup>130</sup> Although the board plans were not fully implemented, Moore noted that it was also an important medium for mercantile elites to exchange information with government officials.<sup>131</sup>

The creation of both the KCCI and the Development Board offered merchants other means to exert their influence which compensated for their losses in the 1965 government crisis. These institutions existed alongside other ways through which they could practise their instrumental powers like the parliament and even the cabinet. The availability of several means to access the political system could explain the merchants' silence in the government crisis and their acceptance of their defeat. This would match arguments forwarded previously on patterns of mercantile activism: that they would tend to be more vocal if the government decided to reduce the available

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<sup>129</sup> Ibid., p.53-54.

<sup>130</sup> Ibid., p.55. This was mentioned to Pete Moore in an interview with Muhammad al-Nusf.

<sup>131</sup> Ibid., p.55.

points of entry to the political system. This was the case in the 1967 parliamentary election when mercantile representatives alongside their nationalists allies refused to accept the results and gave up their parliamentary seats as a sign of their dissatisfaction, claiming governmental interference in the electoral process.

## **5.6 Conclusion**

Shaykh ‘Abd Allah al-Salim al-Sabah died on 23 November 1965. He was succeeded as amir by his brother Shaykh Sabah. During the last four years of his rule, Kuwait witnessed major historical events. On 19 June 1961 Kuwait formally became an independent state and, despite the Iraqi threat, it was able to march forward and survive its first few of years of independence. Internally the pace of reform and change did not slow down, as the government was fully aware that the old and basic structures used to administer Kuwait were now insufficient.

Politically, oil revenues changed the nature of the relationship between the two major actors in Kuwaiti politics – the ruling family and the merchants. The government became financially independent from merchants, who had previously been an important source of revenues and funds. In contrast, the merchants also became more dependent on the government which was stimulating the economy through its development plans.

The change in the balance of power did not mean an end to the mercantile presence in political life, nor did the entry of newly politicised factions to the political scene make them disappear. It did, however, mean that they had to adapt their strategies and means of accessing the political stage. Merchants were still able to practice their instrumental powers through various investments from their portfolio of political investments, like their participation in parliamentary politics and their acceptance of ministerial posts. Their embarrassing departure from the cabinet in 1965 was not an end for their political influence, as they were able to create other innovative ways

to exert their influence, especially on economic policies, such as the creation of the KCCI and the reform of the Development Board.

## **Chapter 6 1965-1977: Shifts in Mercantile Portfolio of Political Investments**

This chapter will focus on the era of Shaykh Sabah al-Salim al-Sabah, who ruled between 1965 and 1977 following the death of Shaykh ‘Abd Allah al-Salim al-Sabah. Internally, both the Kuwaiti government and people were still trying to adapt to the new political system which had been introduced in 1962, and each had a different response. The government tried various methods to contain political opposition, ranging from administrative suspensions of newspapers to rigging the 1967 election and unconstitutionally suspending the parliament in August 1976.

As for the rest of society’s ability to adapt to this new reality, the focus as always shall be on the merchants. In this and further chapters, Krimly’s arguments about the ability of the ‘power bloc’ to penetrate the state in Saudi Arabia and Joel Migdal’s conclusions about the disparities of social actors’ strength in various social arenas might offer a more accurate assessment of the merchants’ political prominence. Krimly’s arguments are useful in proving that merchants were initially able to penetrate the rentier government by accepting ministerial posts or by having strong links with senior decision makers. Migdal’s conclusions about the disparity of social actors’ strength in different arenas might help to explain merchants’ ability to exert their influence on local politics in some arenas. Merchants’ strength in different social arenas varied according to circumstance. It will be argued that during this period their powers waned, even instrumentally, especially during the 1970s. The following paragraphs will focus on this weakening of the various ‘investments’ in the mercantile portfolio of political options through which they practised their instrumental power during the period in question. The evolving pattern of mercantile activism during this period is an interrelated issue that will also be touched on.

Shaykh Sabah al-Salim al-Sabah’s era began with some merchant members of parliament resigning from the first parliament. This happened after the government insisted on passing amendments to give itself more control by dismissing civil servants and appointing – rather than

electing - mayors. Less than two years later the same issue reoccurred when merchants and their nationalist allies decided to withdraw from formal politics after the 1967 parliamentary election. They claimed that the government had rigged the election to fill the National Assembly with more allies. Their withdrawal from both parliaments matches their historical pattern of political activism: merchants tended to be more vocal when the government decided to attack or curtail merchants' access to the political system.

During the 1967 parliament, merchants were able to compensate for their absence from formal parliamentary life by deploying other political investments. In particular, they strengthened their control over the chamber of commerce and had strong personal ties with senior officials. These investments counterbalanced their absence from official political life and also safeguarded their commercial interests. The 1971 parliament witnessed their return to public life and merchants participated in parliamentary politics and accepted ministerial posts. The government did however decide to bypass the merchant-controlled chamber of commerce when introducing economic policies, a clear sign of their waning influence.

Mercantile influence weakened further during the short-lived 1975 assembly which was unconstitutionally suspended the following year. In addition to the government's bypassing of the chamber of commerce's proposals, merchants lost the ministry of commerce and industry, a bastion of their influence, with the appointment of 'Abd al-Wahhab al-Nafisi with whom they did not have strong relations.

The unconstitutional suspension of the National Assembly in 1975 weakened mercantile influence further still - particularly on economic issues - as more power was centralised within government hands. In the absence of a parliament, the government had the freedom to issue laws without fear of parliamentarian opposition. The government ignored the chamber's proposals to create a stock market, a decision which would have serious ramifications in the following decade when the unofficial stock market collapsed in 1982.

An important caveat to mention here is that merchants' commercial interests and fortunes did not suffer, even at a time when their direct influence in the political and economic spheres started to decline. The legal basis of Kuwait's economy, which was tailor-made to suit their interests, had been codified during Shaykh 'Abd Allah al-Salim's era and merchants continued to benefit from the cementation of these rules, including restrictions on expatriate ownership of property and companies. The 1967, 1971 and 1975 parliaments did not discuss any major economic or commercial legislation which might have harmed their interests. The fact that merchant fortunes continued to grow could explain their acceptance of a waning position in the political system.

Alongside their participation in public political life, merchants added a new investment to their portfolio of political strategies by venturing into printed media, and into the ownership of newspaper *al-Qabas* in particular. Due to their growing influence, *al-Qabas* and other newspapers began to be censored after the unconstitutional suspension of the National Assembly in August 1976. This reduced its effectiveness as a means of exerting mercantile influence in local politics.

This chapter will also shed light on another important recurrent theme within this thesis: the characteristics of the merchant class itself, namely the existence of political divisions among its members. The 1967 election was a historical event which brought these divisions out clearly. The election of Ahmad Zaid al-Sarhan as speaker of that parliament was a clear sign of the differences in political outlook found between members of the mercantile class. Al-Sarhan's presence in the National Assembly was in contrast to the withdrawal of other mercantile figures like 'Abd al-'Aziz al-Saqr and Muhammad al-Kharafi due to their dissatisfaction with the electoral process. These political divergences also existed in the 1971 parliament when Jasim al-Qatami refused to participate in the elections, while others like 'Ali al-Ghanim decided to do so.



## 6.1 Setting the economic scene:

Kuwait came to a historical juncture in 1973 when OPEC introduced an oil embargo and production cuts during the October 1973 war between Egypt and Israel. Shaykh Jabir al-Ahmad, the crown prince and prime minister, announced to the National Assembly on 31 October 1973 that the government had revised all agreements with oil companies and increased oil prices by 70% without consulting the latter.<sup>1</sup> Oil revenues in 1973 were \$1,795.2 million, an increase of 8.8% in comparison with the previous year. However in 1974 revenues skyrocketed to \$7,094.9 million, an astonishing increase of 295%. Previously, revenues had increased from \$567.5 million in 1965 to \$784 million in 1970. In 1972, revenues for the first time exceeded the \$1 billion mark at \$1.650 billion, an increase of 71.3% compared with 1971 revenues.<sup>2</sup> Kuwait then assumed full ownership of the Kuwait Oil Company in March 1976.<sup>3</sup>

During this period, Kuwait's oil volume production policy fully crystallised, with an attempt to cap production at a particular limit. When delivering the constitutionally prescribed 'Amiri Speech' at the opening of the parliament on 22 October 1972, Shaykh Sâad al-'Abd Allah the crown prince and prime minister mentioned that the government would submit a law to maintain oil production at 3 million barrels per day.<sup>4</sup> This decision was reflected in an 8% decrease in production from 1,201.6 million barrels in 1972 to 1,102.5 million barrels in 1973. After the events of 1973, the government continued to reduce production rates which meant that the country produced 929.3 million barrels of oil in 1974 down 15.7% from the previous year. As of January 1976 Kuwait's proven oil reserves were 71.2 billion barrels: 68 billion from Kuwait itself and the rest from the

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<sup>1</sup> Amir of Kuwait State of the Nation Speech, Kuwait home service 31 Oct. 1973 FCO8/1988.

<sup>2</sup> Sadler and Khouja, p.26.

<sup>3</sup> HG Hogger, Kuwait, to, FX Gallagher Esq. Middle East Department, FCO, 10 April 1976, FCO8, 2674.

<sup>4</sup> RA Kealy, Kuwait, to, AD Harris Esq. Middle East Department, FCO, 2/13, 22 November 1972, FCO8/1835.

neutral zone shared with Saudi Arabia.<sup>5</sup> By the end of Shaykh Sabah al-Salim's rule, Kuwait's oil production had gone down to a level 718.0 million barrels of oil.<sup>6</sup>

National Assembly parliamentarians were taking a nationalist approach to the oil issue. In 1971, the recently elected parliament - which witnessed the return of some opposition figures like Dr Ahmad al-Khatib - turned down the Liquid Gas Agreement. Sir John Wilton, the British ambassador to Kuwait, noted that the report submitted to the parliament concerning that agreement portrayed it as an imperialist work.<sup>7</sup>

These major developments in the oil sector had consequences for Kuwait's economy, further strengthening its dependence on oil as a major source of income. In 1969-79 Kuwaiti industries accounted for less than 5% of GDP even though the sector was expanding. Industrial output in 1973 was 22% higher compared with the previous year and in 1974 it expanded again by 14%.<sup>8</sup> Exports fared no better: In 1960 Kuwait's non-oil exports were worth KWD8.3 million and they represented less than 3% of total exports. During the next decade nothing much changed in percentage terms and non-oil exports remained under 5%. More alarmingly, Kuwaiti originated exports were 25% of non-oil exports and less than 1% of total exports (including locally produced export and to re exports).<sup>9</sup> Looking at the other side of the equation, Kuwait's imports increased 29 times from 1955-76,<sup>10</sup> and in 1976 alone imports increased by 40.2% in per capita terms from KWD693.2 to KWD913.7.<sup>11</sup>

When it came to employment trends, no strong qualitative changes occurred in terms of the Kuwaiti labour market structure, which was dominated by the government as a major creator of jobs

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<sup>5</sup> R. El Mallakh, *Kuwait: Trade and Investment*, Boulder, Westview Press, 1979, p.36.

<sup>6</sup> Sadler and Khouja, p.26.

<sup>7</sup> AJ Wilton, Kuwait, to, Sir Alec Douglas Home KT MP, No.7 1/6, 5 July 1971, in FCO8/1655.

<sup>8</sup> El Mallakh, *Kuwait: Trade and Investment*, p.50.

<sup>9</sup> Sadler and Khouja, p.50.

<sup>10</sup> Ibid., p.52.

<sup>11</sup> El Mallakh, *Kuwait: Trade and Investment*, p.75.

for citizens. The oil sector, which contributed 62.9% of the GDP in 1972-3, employed only 3.9% of the total labour force. On the other side, the services sector contributed 6.8% to GDP and employed about 50% of the labour force.<sup>12</sup> The government continued to have the lion's share and absorbed the majority of Kuwait's labour force. The government absorbed 52% of the services sector labour force, with Kuwaitis being 54% of those who were employed at the civil service.<sup>13</sup> These figures are not surprising when bearing in mind the fact that, constitutionally, all Kuwaitis had a right to seek employment in the public sector. The civil service alone was able to employ 75% of the indigenous Kuwaiti labour force.<sup>14</sup>

Besides re-distributing its oil income in the local economy, Kuwait also continued building up its empire of foreign assets for a rainy day. For example, in 1975 the Kuwaiti government bought a 28-story block in Tour Manhattan, Paris for 400 million French francs, or \$90 million.<sup>15</sup> The income from these investments was considerable, as they were equivalent to 40% of Kuwait's import bill.<sup>16</sup>

With its decision to invest parts of oil revenues abroad, the Kuwaiti government founded the Future Generations Fund in 1976 in an attempt to create an alternative source of revenue for when the oil reserves dried up. According to the law, the government transferred 50% of the General State Reserves to the fund, and after that it should legally have allocated 10% of its oil revenues annually to that fund.<sup>17</sup> The fund received an initial KWD850 million.<sup>18</sup>

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<sup>12</sup> Ibid., p.56.

<sup>13</sup> Sadler and Khouja, p.42-3.

<sup>14</sup> El Mallakh, *Kuwait: Trade and Investment*, p.26.

<sup>15</sup> Extract from MEES 14 Feb 1975, FCO8/2441.

<sup>16</sup> Sadler and Khouja, p.258.

<sup>17</sup> Future Generations Fund law. Found on the Kuwait Investment Authority website: [http://www.kia.gov.kw/En/About\\_KIA/Overview\\_of\\_Funds/Pages/default.aspx](http://www.kia.gov.kw/En/About_KIA/Overview_of_Funds/Pages/default.aspx). Accessed on 28 August 2014.

<sup>18</sup> Sadler and Khouja, p.202.

## 6.2 A second setback: Withdrawal from the 1965 parliament

Shaykh ‘Abd Allah al-Salim died in 1965 and power was smoothly transferred to the new amir, Shaykh Sabah al-Salim. Shaykh Jabir al-Ahmad was appointed acting prime minister, and it was expected that he would soon be appointed heir apparent.<sup>19</sup> Indeed, in May 1966, Shaykh Jabir al-Ahmad took the constitutional oath in front of the National Assembly as heir apparent.

The executive’s relationship with the parliament remained sour. Members of Dr al-Khatib’s group were still dissatisfied with the recent measures that the government had taken to give it more power to control the press and the social clubs. Through administrative action the government could, for example, shut down newspapers and revoke their licenses at its discretion.<sup>20</sup> ‘Abd al-‘Aziz al-Saqr’s resignation as parliamentary speaker further weakened the position of the opposition in the assembly, as it was not allowed to effectively voice its objections to these recent measures.<sup>21</sup> Dr al-Khatib and his colleagues followed suit and resigned on 21 December 1965. They mentioned that the introduction of some laws, including the law on public meetings, had weakened the democratic process.<sup>22</sup> Merchants suffered a second setback after the downfall of the 1964 government with the loss of three members of parliament from that class: Khalid al-Zaid, Ya‘qub al-Humaidhi, and Jasim al-Qatami.<sup>23</sup> *Al-Rai al-‘Aam* newspaper attacked them, claiming that the motive behind their resignation was to bring down the whole government and stir up trouble among members of the ruling family.<sup>24</sup> *Al-Rai al-‘Aam*’s position was not surprising: its proprietor ‘Abd al-‘Aziz al-Masa‘id would go on to win the by-elections which were held to fill the vacant seats.

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<sup>19</sup> GN Jackson, to, TF Brenchley Esq. CMG, Arabian Department, FO, 1944/65, 29 November 1965, BK1015/43, FO371/179834.

<sup>20</sup> al-Khatib, *al-Kūwaīt min al-Imāra illā al-Dawla: Dhikariyyāt fī al-‘Amal al-Watanī*, p.298.

<sup>21</sup> Ibid., p.298.

<sup>22</sup> Summary of the 8 resigning MP’s as read in the national assembly on 21 December 1965, BK1015/4, FO371/185396.

<sup>23</sup> al-Khatib, *al-Kūwaīt min al-Imāra illā al-Dawla: Dhikariyyāt fī al-‘Amal al-Watanī*, p.308.

<sup>24</sup> Points of Interest in the Kuwaiti press of 16 January 1966, BK1015/5, FO371/185396.

The British consul Christopher Gandy thought that those who resigned had a good case to present, especially through their articles which were published in newspaper *al-Tali'a* (the Vanguard). However, some young and educated Kuwaitis were against the decision, since it was not the best way to demonstrate dissatisfaction over the recent measures. For one thing, their exit from the assembly might negatively impact on the quality of the debate.<sup>25</sup>

Within less than a year another mercantile political investment, manifested in their participation in parliamentary politics, had been weakened. Their inability to stand in front of the government in the National Assembly was a natural outcome. The government and its bedouin allies outnumbered the merchants in the parliament, which enabled the former to force its will on the latter. Since the early phases of parliamentary life, the government started to look for more allies to counterbalance the mercantile nationalist alliance in the parliament. Merchants on the other side still maintained their exclusiveness, failing to forge pan-social and long lasting political ties with other social groups. Thus the decision of some mercantile representatives to leave the National Assembly was a continuation of historical precedents set in the pre-oil era. Previously, merchants would openly go against the government whenever they felt that their points of access to the political system were being attacked or reduced, as had happened in the 1930s and 1950s.

By-elections were held on 9 February 1966. Many candidates had no previous political experience. It failed to attract much attention and only about 15-20% of registered voters participated in it, compared to 80% in the Constituent Assembly elections.<sup>26</sup> *Al-Tali'a* published the voting figures and its findings revealed the low turnout. For example, 'Abd al-'Aziz al-Masa'id won with 157 votes whereas Dr al-Khatib had reached the assembly with 930 votes.<sup>27</sup> Reasons for this

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<sup>25</sup> Christopher Gandy, to, MS Berthoud Esq., Arabian Department, FO, 1013/66, 11 January 1966, BK1015/4, FO371/185396.

<sup>26</sup> CCR Battiscombe, Kuwait, to, MS Berthoud Esq., Arabian Department, FO, 1013/66, 15 February, 1966, BK1015/8, FO371/185396.

<sup>27</sup> CCR Battiscombe, to, MS Berthoud Esq., Arabian Department, FO, 1013/66, 22 February 1966, BK1015/10, FO371/185396.

poor attendance included the dissatisfaction of Kuwaitis with the assembly, the quality of the candidates and sympathy for opposition members.<sup>28</sup>

Despite the departure of opposition figures, relations between the government and parliament remained tense. The government was, however, able to get the assembly to approve its security policy, though five members walked out because they were against holding a secret session to discuss the issue. ‘Abd al-‘Aziz al-Saqr argued that the public should be made aware and more involved in these discussions.<sup>29</sup> Ministers argued that some necessary security measures were required to cope with the latest demographic changes, which were caused by the high speed of development.<sup>30</sup> Newspapers in Kuwait were divided over these recent developments. *Al-Rai al-‘Aam* and *Sawt al-Khalij* offered their support to the government’s security policy, while *Akhbar al-Kuwait* published some mild criticism. Unsurprisingly *Al-Tali‘a*, the voice of the Arab Nationalists, attacked the policy and said the government should blame itself instead of the nationalist bloc for its failures and incompetence.<sup>31</sup>

Moreover, parliament members decided to form a committee to look into Article 131 of the constitution which barred ministers from engaging in business activities during their tenure. Many senior government officials who were undersecretaries and assistant undersecretaries were also directors or chairmen of the various government-owned companies besides having their own businesses.<sup>32</sup> This was a setback for the merchants who had been appointed in previous cabinets. Such a revision also threatened to limit the pool of the candidates chosen, since many members would prefer to concentrate on business rather than join the government.<sup>33</sup> The committee

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<sup>28</sup> CCR Battiscombe, Kuwait, to, MS Berthoud Esq., Arabian Department, FO, 1013/66, 15 February, 1966, BK1015/8, FO371/185396.

<sup>29</sup> GN Jackson, Kuwait, to, FO, No. 197, 3 May 1966, BK1015/12, FO371/185396.

<sup>30</sup> GN Jackson, Kuwait, to, FO, No.200, 4 May 1966, BK1015/12, FO371/185396.

<sup>31</sup> JAN Graham, to, MS Weir Esq., Arabian Department, FO, 1013/66, 11 May 1966, BK1015/16, FO371/185396.

<sup>32</sup> JAN Graham, to, MS Weir Esq., Arabian Department, FO, 1013/66, 25 May 1966, BK1015/22, FO371/185397, the document had more examples.

<sup>33</sup> CCR Battiscombe, to, AE Chamier Esq., Arabian Department, 1015/66, 27 June 1966, BK1015/23, FO371/185397.

concluded that businessmen should give up their interests if they were offered any ministerial jobs. However there was some leniency in applying that constitutional article due to the difficulty in finding suitable ministers without business interests. Two of the five new ministers who were appointed in the post-crisis cabinet were businessmen, although they were not of the upper echelons. ‘Abd al-‘Aziz al-Saqr, in a sign of his disgruntlement on the matter, boycotted the debates.<sup>34</sup>

There are is no clear evidence of merchants intentionally cooperating with each other to ensure that ‘Abd al-‘Aziz al-Saqr, the only merchant not to resign, would remain in the assembly after their resignations. However it could be seen that merchants sought to protect their political rights by voicing their disgruntlement with the government’s attempts to give itself more power. At the same time, they sought to maintain a certain level of presence in the formal political system through al-Saqr’s membership of the assembly, especially after their departure from the Council of Ministers. He was the remaining mercantile voice in the parliament who would present their own grievances, and this was clear in his decision to boycott the National Assembly’s deliberations over Article 131 as discussed above.

The assembly’s life came to an end in 1966. Productivity had been generally low, and infighting preoccupied members much of the time. In terms of policy, members focused mainly on local populist matters and on securing the privileged position of Kuwaiti citizens further.<sup>35</sup>

The departure of some mercantile figures from the 1963 parliament would challenge some of the arguments about the government’s ability to buy their political acquiescence with more contracts. Remaining with al-Saqr himself, his family was among the major beneficiaries of the land purchasing program, however this did not stop him criticising the government. Newcomers to the political scene started to challenge mercantile instrumental powers by making similar political

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<sup>34</sup> Ibid.

<sup>35</sup> JAN Graham, to, Michael Stewart MP, Secretary of State for Foreign Affairs, 1015/66, No.15, 7 August 1966, BK1015/27, FO371/185397.

investments, such as owning newspapers. A case in point was ‘Abd al-‘Aziz al-Masa‘id and *al-Rai al-‘Aam*. Merchants at that time had the support of the Arab Nationalist *al-Tali‘a* newspaper, which was owned by the mercantile figure ‘Abd al-Razzaq al-Khalid who was also its editor in chief for a brief while. Al-Khalid later on transferred its proprietorship to Sulaiman al-Haddad, who was a nationalist politician too. Ahmad al-Nafisi, a former editor of *al-Tali‘a* claimed that al-Khalid was punished by the government for his political position despite him leaving the newspaper. According to al-Nafisi, the government stopped dealing with his construction company until it went down.<sup>36</sup> *Al-Qabas* newspaper was formed in 1972 and owned by four prominent mercantile families: the Al Kharafi, the Al Saqr, the Al Nusf and the Al Bahar families. The emergence of newspaper *al-Rai al-‘Aam* and its owner was a sign of the rise of a new class of Kuwaitis who had benefited greatly from the country’s oil wealth. Al-Masa‘id did not belong to any of the established mercantile families but, like them, he realised the importance of owning a newspaper through which he could voice his own opinions and serve his own interests. Ahmad al-Jar Allah, who was a journalist at *al-Rai al-‘Aam*, would follow suit and open his own newspaper *al-Siyasa*.

### 6.3 The 1967 elections controversy and mercantile withdrawal from parliamentary life

For Dr al-Khatib and his colleagues, preparations for the 1967 elections started soon after their resignation from the previous parliament. They toured various *dīwāniyyāt* (salons) and explained their views and their future plans. Their next step was to meet some members of the merchant class to secure their backing and to increase their support base. Ya‘qub al-Humaidhi acted as a mediator between Dr al-Khatib and the merchants, and a meeting was held and attended by al-Humaidhi, ‘Abd al-‘Aziz al-Saqr, Jasim al-Qatami, and Dr al-Khatib. There was a frank discussion over the distribution of wealth in Kuwait and everyone agreed that Kuwaiti citizens should be more

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<sup>36</sup> *al-Tali‘a* commemorative supplement marking its 50th anniversary, p.12.



involved in the decision-making process, or else their group would lose support among the electorate. They also acknowledged that the resignation of al-Saqr and the members of parliament had underscored the importance of future cooperation.<sup>37</sup>

Jasim al-Qatami and Dr Ahmad al-Khatib, who represented the Arab Nationalists, stood as candidates. Some of their supporters like ‘Abd al-‘Aziz al-Fulaij and the proprietor of the daily leftist newspaper *Akhbar al-Kuwait* and Yusuf al-Ghanim, both members of prominent merchant families, followed suit. In terms of size, the bedouin candidates were the largest group and they were expected to fare well in these elections due to strength of tribal loyalties.<sup>38</sup>

Those who attended the meeting at Ya‘qub al-Humaidhi’s office decided to create a wide ranging alliance which included the president of the Kuwait Chamber of Commerce and Industry and the president of Kuwait’s National Trade Union.<sup>39</sup> According to Dr al-Khatib, some government officials realised from their tours that the results would be unfavourable.<sup>40</sup>

Elections were held on 25 January 1967. From the early hours there were signs that the election results would be tampered with. In contradiction to Article 63 of the election law, which stated that members of the sub-committee’s were responsible for transferring the ballot boxes to the main committee, boxes were transferred without independent supervision.<sup>41</sup> There were only two exceptions, the al-Fayha district and al-Qadisiya. In both districts Dr al-Khatib’s colleagues gained a higher number of votes than elsewhere.<sup>42</sup>

Dr al-Khatib and Jasim al-Qatami failed to win the elections and many now believed that these elections had been rigged, according to the British embassy report. The embassy report

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<sup>37</sup> al-Khatib, *al-Kūwaīt min al-Imāra illā al-Dawla: Dhikariyyāt fī al-‘Amal al-Watanī*, p.309.

<sup>38</sup> CCR Battiscombe, Kuwait, to, AED Chamier Esq. Arabian Department, Foreign Office, 3 January 1967, p.121, FCO8/608.

<sup>39</sup> al-Khatib, *al-Kūwaīt min al-Imāra illā al-Dawla: Dhikariyyāt fī al-‘Amal al-Watanī*, p.311.

<sup>40</sup> Ibid., p.312.

<sup>41</sup> Ibid., p.313.

<sup>42</sup> Ibid., p.315.

concludes that even if the government was innocent, it had shown an inability to manage the whole process or to instil confidence in the transparency of the elections.<sup>43</sup> Results showed that 26 former deputies, and four former ministers were re-elected, whereas only six out of the 36 opposition figures reached the assembly.<sup>44</sup> Merchants had four members in that parliament, including the former speaker ‘Abd al-‘Aziz al-Saqr, while the nationalist had only two members. Tribes had secured their presence with 20 members, and the Shi‘a had eight members.<sup>45</sup>

There was a widespread belief that despite the strong performance of the opposition in earlier elections, the government could have secured a good majority without interfering in the elections and would have been left with eight members in opposition, and four to seven moderates who would oppose the government on certain issues.<sup>46</sup> However Dr al-Khatib argued that his group’s alliance would have secured at least 31 to 32 seats.<sup>47</sup> Even with a majority, the government had shown its inability in many cases to defend itself or offer a lead in the discussions during previous assemblies.<sup>48</sup>

In the next few days, Khalid al Fuhaid submitted his resignation from both his parliamentary seat and his ministerial portfolio.<sup>49</sup> Other members followed suit and refused to sign the documents which confirmed their membership of the assembly. Merchant parliamentarians joined them, including Muhammad al-Kharafi and ‘Abd al-‘Aziz al-Saqr.<sup>50</sup> ‘Abd al-‘Aziz al-Sara‘wi, the former

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<sup>43</sup> GN Jackson, to, George Brown MP, No.3, 1015, 31 January 1967, FCO8/608, p.111.

<sup>44</sup> Kuwait, to, Foreign Office, 29, 28 January 1967, p.118, FCO8/608.

<sup>45</sup> 1967 parliamentary elections, found in the Kuwait Politics Database: <http://www2.gsu.edu/%7Epolmfh/database/maj196700.htm>. Accessed on 1 September 2014.

<sup>46</sup> 44-5: GN Jackson, Kuwait, to, TF Brenchley, Arabian Department, Foreign Office, 1015/67, 13 February, 1967, p. 44-5, FCO8/608.

<sup>47</sup> al-Khatib, *al-Kūwaīt min al-Imāra illā al-Dawla: Dhikariyyāt fī al-‘Amal al-Watanī*, p.316.

<sup>48</sup> GN Jackson, Kuwait, to, TF Brenchley, Arabian Department, Foreign Office, 1015/67, 13 February, 1967, p.44-5, FCO8/608.

<sup>49</sup> GN Jackson, Kuwait, to, TF Brenchley Esq. Arabian Department, Foreign Office, 1015/7, 6 February 1967, FCO8/608.

<sup>50</sup> CCR Battiscombe, Kuwait, to, AED Chamier Esq. Arabian Department, Foreign Office, 1015, 21 February 1967, p. 40-41, FCO8/608.

minister of social affairs and labour, decided to boycott some sessions, although he eventually chose to participate. On the other hand, Yusuf al Mukhlid al Mutairi, who represented the bedouin vote, was convinced by Dr al Khatib not to withdraw and to stay in the assembly so he could keep an eye on developments.<sup>51</sup>

Newspaper *Akhbar al Kuwait* published a statement on 28 January signed by 38 personalities condemning the results of the elections.<sup>52</sup> It claimed that the government had resorted to suspicious methods to prevent the success of some candidates in these elections. These varied from spreading false rumours to the promise of jobs in the civil service. Signatories came from various sectors of Kuwaiti society, including bedouin and young intellectuals. Merchants were strongly present, represented by ‘Abd al-‘Aziz al-Saqr, ‘Abd al-Razzaq al-Khalid, Fajhan al-Mutairi, Humud al Nusf, and Yusuf al Ghanim.<sup>53</sup> Battiscombe was critical of this statement, on the grounds that signatories had weakened their case when they failed to focus on a single issue.<sup>54</sup>

One point worthy of mention was the election of Ahmad Zaid al Sarhan as the speaker of the parliament. Al Sarhan was a member of a mercantile family that participated in the historical movements of political reform. The election of al Sarhan challenges the typical view of the Kuwaiti mercantile class as being united. In contrast to ‘Abd al-‘Aziz al-Saqr Al Sarhan was known for his support to the government. In an interview with *al Watan* newspaper in May 2009, he reiterated his view by stating that he preferred the creation of an appointed upper house, which would according to him allow the experts and professionals to also voice their opinions.<sup>55</sup>

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<sup>51</sup> al-Khatib, *al-Kūwaīt min al-Imāra illā al-Dawla: Dhikariyyāt fī al-‘Amal al-Watani*, p.318.

<sup>52</sup> Kuwait, to, Foreign Office, 30, 28 January 1967, p.117, FCO8/608.

<sup>53</sup> A statement published in *Akhbar al-Kuwait* of 28 January, signed by 38 candidates in the elections to the National Assembly held 25 January, 1967, p.94-6, FCO8/608.

<sup>54</sup> CCR Battiscombe, Kuwait, to, AED Chamier Esq. Arabian Department, Foreign Office, 1015/67, 31 January 1967, p. 93, FCO8/608.

<sup>55</sup> *al-Watan*, 11 May 2009, <http://watanpdf.alwatan.com.kw/alwatanpdf/2009-05-11/2009-05-11.pdf>. Accessed on 1 September 2014.

#### 6.4 The 1967 Assembly: The utilisation of alternative political investments

The ability of the government to interfere in the electoral process did not necessarily guarantee the production of a rubber stamp assembly. Politically, there was a sense of frustration with the government's performance and current economic conditions. Kuwait's financial commitments towards other Arab countries was, according to some politicians, draining budget resources and there were calls for such external spending to be curbed. In September 1967, *al-Rai al-'Aam* commented that the £55 million which the Kuwaiti government agreed at the Khartoum conference to pay both Egypt and Jordan was a major sacrifice that must not be at the expense of the domestic expenditure. While *al-Tali'a* said that it was the least that Kuwait could offer its Arab partners and blamed the government for its inability to control its spending.<sup>56</sup>

Two years later, in 1969, similar comments could be found in an article published by *Sawt al-Khalij*. According to this article, Kuwaitis were aware that conditions in their country had reached a point of stagnation. The pace of economic growth had slowed in comparison with the beginning of the decade and the government had reduced the scale of land purchases. The view was that conditions in Kuwait were now much harder for the younger generations. They would find it difficult to access the jobs and wealth which their predecessors had taken for granted; and this marked the beginning of the post-oil era.<sup>57</sup>

Similar concerns were also voiced by a member of the merchant class. In a conversation with a British official, a prominent merchant<sup>58</sup> explained that the political conditions in the Middle

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<sup>56</sup> CCR Battiscombe, Kuwait, to, A Ibbott Esq. Arabian Department, Foreign Office, 1013, 24 September 1967, p.8-9, FCO8/615.

<sup>57</sup> DES Blaithewick, Kuwait, to, A Ibbott Esq. Arabian Department, Foreign and Commonwealth Office, 1/2, 10 September 1969, FCO8/1028.

<sup>58</sup> Ya'qub Yusuf al-Hamad, the Chairman of National Bank of Kuwait.

East had negatively impacted the economy. Many foreigners had left the country, and as a landowner himself he encountered some difficulty in renting his properties.<sup>59</sup>

This sense of frustration was clear enough in the assembly's attacks and criticisms of the government. Attacks continued to mount and a warning was issued to the press on the grounds that they had exceeded their limits and incited hatred. *Al-Rai al-'Aam* led a campaign in November 1968 against the Minister of Education, Salih al-Salih, after his recent Soviet tour. Al-Salih submitted his resignation and it was pending until the amir's return from America.<sup>60</sup> During that month, more pressure was added when three members of parliament, Sulaiman al-Duwaikh, Hamad al-Ayyar, and Nasser al-Usaimy (the latter two representing the bedouin vote) decided to question the Minister for Justice Khalid al-Jassar because of incorrect statistics he had supplied.<sup>61</sup> Members failed to reach a conclusive decision and a suggestion to form an inquiry committee was turned down.<sup>62</sup>

Rumours about a government reshuffle continued to gain traction during 1969, despite newspaper *al-Siyasa* pointing to the difficulty of persuading high calibre individuals to walk away from their businesses in accordance with the constitution in order to accept ministerial posts.<sup>63</sup> In March a newspaper headline titled 'New Cabinet Deemed Imminent' started a new round of rumours about the prospect of a reshuffle. However, the main difference was the nomination of some prominent figures from the merchant class such as 'Abd al-Latif al-Ghanim and Muhammad al-Nusf.<sup>64</sup>

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<sup>59</sup> S Falle, Kuwait, to, DJ McCarthy Esq. CMG, Arabian Department, Foreign and Commonwealth Office, 7 October 1969, FCO8/1028.

<sup>60</sup> JAN Graham, Kuwait, to, A Ibbott Esq. Arabian Department, Foreign and Commonwealth Office, 1/2, 19 November 1968, FCO8/1029.

<sup>61</sup> DES Blatherwick, Kuwait, to, A Ibbott, Arabian Department, FO, 1/2, 26 November 1968, FCO8/1029.

<sup>62</sup> DES Blatherwick, Kuwait, to, A Ibbott Esq. Arabian Department FCO, 1/2, 3 December 1968, FCO8/1029.

<sup>63</sup> DES Blatherwick, Kuwait, to, A Ibbott Arabian Department, FCO, 1/1, 22 January 1969, FCO8/1029.

<sup>64</sup> JAN Graham, Kuwait, to, A Ibbott, Arabian Department, FCO, 1/2, 25 March 1969, FCO8/1029.

The 1967 assembly ended its constitutional term at the beginning of 1971. The patchy evidence that is available does not point to overt mercantile activism during those times. Besides the initial reactions of boycotting and signing the petition, there were no public and open gestures of opposition.

Part of the merchants' silence could be due to their ability to exert influence through other political means, including the close relations between some members and the royal family. According to John Graham, the Counsellor and the Head of Chancery at the British Embassy, the merchants' absence from the National Assembly could be explained by the fact that they could make more money when they were out of the government, and they could still advocate their opinions through private and public meetings held at the 'amir's and the crown prince's majlis.<sup>65</sup>

In the pre-independence era, and especially in the aftermath of the suspension of the 1939 council, British officials noted that part of the mercantile silence could be explained by the good economic conditions. This might also have been the case with the 1967 National Assembly. Merchants at that time were able to secure their commercial interests through tailor made laws which were introduced in the previous assembly and by exerting more influence through the Kuwait Chamber of Commerce and Industry (KCCI). That assembly did not present any major commercial or economical legislation that might have harmed their commercial interests.<sup>66</sup>

Alongside their close social proximity to Al Sabah family members and other senior officials, merchants were able to safeguard their commercial interests through the KCCI. The mercantile controlled chamber of commerce was able to exert its influence at the ministerial level, although the final decisions were made by the premier himself. The Industrial Law provided for the creation of an Industrial Development Committee, whose membership included three members

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<sup>65</sup> Mr. Arthur (Graham it was corrected in one of the correspondences), to, Mr. Stewart, NBK1/1, 6 January 1969, Kuwait, FCO8/1027.

<sup>66</sup> Moore, p.56.

from the chamber out of a total of nine members. The committee was tasked with awarding tax breaks and incentives, and reviewing applications for industrial companies.<sup>67</sup>

### **6.5 Kuwait's third parliament: Merchants making a formal return**

At the dawn of the 1971 parliament, Kuwait was at the height of its oil rentier era. Oil revenues dramatically increased after the 1973 events. In these circumstances, rentier state theory would have argued that governments enjoyed considerable autonomy and were subject to minimal societal pressures when managing their countries and devising their economic policies.<sup>68</sup> In Kuwait, it has been claimed that the government was able to buy off mercantile political acquiescence with more contracts and through other wealth redistribution schemes, like the land purchasing program.<sup>69</sup>

The next paragraphs will discuss further the strength of the mercantile political influence in various social arenas.<sup>70</sup> Generally speaking, mercantile influence over political and economic issues started to weaken, although there were some gains in different areas. The weakening of their influence did not coincide with a downturn in their financial fortunes, which might also partly explain their tolerance towards the changing conditions. They were also able to protect their commercial interests through their membership of the Council of Ministers. Other reasons behind their tolerance include the fact that they were a minority which would not enjoy wide public backing should they decide to openly block governmental policies.

The life of Kuwait's second parliament came to an end when an Amiri Decree called on the voters to go to polls on 23 January 1971. Prior to the 1971 parliament, Shaykh Jabir al-Ahmad had

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<sup>67</sup> Ibid., p.55.

<sup>68</sup> G. Luciani, 'Allocation vs. Production: A Theoretical Framework', in Beblawi, Hazem Luciani, Giacomo (eds.), *The Rentier State*, London, Croom Helm, 1987, p.74.

<sup>69</sup> Crystal, p.109.

<sup>70</sup> Migdal, 'State power and social forces: Domination and transformation in the third world', p.27.

given a statement on 24 July 1970, in which he hinted at a strong return for the mercantile class to the political scene. In an attempt to rectify what happened during the 1967 elections, the crown prince called on merchants to participate actively again in formal political life.<sup>71</sup> Merchants, like ‘Abd al-‘Aziz al-Saqr, Muhammad al-Ghanim and Muhammad al-Nusf were expected to run in the elections. Al-Nusf was approached by some senior officials in the government to convince him to participate and, after being assured of the freedom and transparency of the process, he agreed to do so.<sup>72</sup> The speech was well received by some mercantile elements, however some merchants still refused to participate in the elections.<sup>73</sup>

Dr al-Khatib’s group suffered from internal divisions because of their adoption of socialism as an ideology. This led to the withdrawal of some ‘bourgeois’ members of his group like Jasim al-Qatami, who formed a new group which was called al-Tajammu‘ al-Watani (the National Group). Al-Qatami’s group political manifesto stressed the importance of maintaining the democratic system in Kuwait. The group also supported the creation of a parliamentary system where the premier is the head of the majority party in the parliament.<sup>74</sup>

As in the previous elections, Ya‘qub al-Humaidhi was the mediator between the merchants and the various elements of the nationalist movement. In an attempt to solve these conflicts, he organised a series of meetings between the merchants, Dr al-Khatib and al-Qatami’s group.<sup>75</sup> However, these meetings were fruitless because al-Qatami’s group decided to boycott these elections unless the government amended the electoral law. Al-Qatami and his colleagues accused the government of illegally naturalising a lot of the bedouin in order to weaken the political

<sup>71</sup> Qadri Qal‘aji,, *al-Niẓām al-Siyāsī wa-l-Iqtisādī fī Dawlat al-Kūwaīt*, (The Political and Economic System in the State of Kuwait), Beirut, Dar al-Kitāb al-‘Arabi, 1975, p.156.

<sup>72</sup> AC Godison, Kuwait, to, AA Acland, Esq. Arabian Department, Foreign and Commonwealth Office, 1/2, 25 November 1970, FCO8/1389.

<sup>73</sup> G. al-Najjar, *Mudkhal li-l-Taṭawwur al-Sīyāsī fī al-Kūwaīt*, (Introduction to Political Development in Kuwait), Kuwait, Dar Qurtas li-l-Nashr, 2000, p.95.

<sup>74</sup> Falah ‘Abd Allah al-Mudairis, *Malāmiḥ Awwaliyya ḥawl Nash‘at al-Tajammu‘āt wa-l-Tanzīmāt al-Sīyāsīyya fī al-Kūwaīt (1938-1975)*, (Initial Notes on Political Groups in Kuwait 1938-1975), Kuwait, Dar Qurtas lil Nashr, 1999, p.56.

<sup>75</sup> al-Khatib, *al-Kūwaīt min al-Dawla illā al-Imara: Dhikariyyāt al-‘Amal al-Watanī*, p.28.



opposition.<sup>76</sup> Despite these splits, merchants were still able to cooperate with their nationalist allies in the parliament.

Dr al-Khatib and his colleagues won the elections and the performance of merchants improved in comparison with the previous election. Merchants and their nationalist supporters could claim to have seven members in the assembly, including two new members: ‘Ali al-Ghanim and Salim al-Marzuq. Tribal members maintained a large share of representation with 22 members, and the Shi‘a had six members.<sup>77</sup>

The British embassy report saw Shaykh Jabir’s new cabinet as an alliance between him and ‘Abd al-‘Aziz al-Saqr, the KCCI president. Shaykh Jabir nominated ‘Abd al-Rahman al-Atiqi, Jasim al-Marzuq and Hamad al-Ayyar for ministerial appointments. It must be noted that Jasim al-Marzuq belonged to a prominent mercantile family and enjoyed strong relations with the crown prince. Al-Saqr’s candidates were: Khalid al-‘Adsani and Humud al-Nusf from the mercantile class, Rashid al-Farhan who was affiliated with Dr al-Khatib’s group, and Dr ‘Abd al-Razzaq al-Adwani.<sup>78</sup>

Khalid al-Ghunaim<sup>79</sup> who had the support of the government, was elected as the speaker of the assembly. Al-Ghunaim did not belong to the traditional mercantile class which this thesis focuses on. Instead, he was among “the neo-bourgeoisie” businessmen who appeared at the beginning of the oil era. Yusuf al-Mukhlid was the deputy speaker, representing the bedouin vote, and Sami al-Munayyis, a supporter of Dr al-Khatib, was the secretary. Both are good examples of the emergence of newly politicised factions onto the political scene.<sup>80</sup>

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<sup>76</sup> al-Mudairis, *Malāmiḥ Awwaliyya ḥawl Nash’at al-Tajammu‘āt wa-l-Tanzīmāt al-Sīyāsīyya fī al-Kūwaīt* p.59.

<sup>77</sup> 1971 parliamentary elections results, found in the Kuwait Politics Database: <http://www2.gsu.edu/%7Epolmfh/database/maj197100f2.htm>. Accessed on 3 September 2014.

<sup>78</sup> Kuwait, to Foreign and Commonwealth Office, 64, 4 February 1971, FCO8/1654.

<sup>79</sup> Did not belong to the family of Khalifa al-Ghunaim the former minister of commerce and industry.

<sup>80</sup> AC Godison, Kuwait, to, JM Edes Esq. Arabian Department, FCO, 1/7, 14 February 1971, FCO8/1654.

Once the assembly finished appointing its own officers, Dr al-Khatib and his colleagues started to meet with other members to discuss the possibility of cooperating together in the assembly. They were able to rally the support of 17 members who represented various elements of Kuwaiti society. This group included some mercantile figures like ‘Ali Ghanim and Salim al-Marzuq. Others who offered their support to Dr al-Khatib included bedouin members like Sa‘ad Tami, Ghannam al-Jamhur and Yusuf al-Mukhlid.<sup>81</sup> This strategy highlighted the capacity of the merchant class to engage with the established and newly politicised groups within the Kuwaiti political nation.

The low presence of merchants in the government came to an end during the November 1971 reshuffle. Ahmad al-Hamad was appointed Minister of Justice and ‘Abd Allah al-Ghanim as a Minister for Electricity and Water, both from merchant families.<sup>82</sup> On 16 November ‘Abd al-‘Aziz al-Masa‘id argued that these appointments were against Article 131 of the constitution, which barred ministers from engaging in commerce during their tenure. The constitutional advisor to the assembly mentioned that their appointments were legal as long as they stayed away from their businesses while in office.<sup>83</sup>

Mercantile return to the Council of Ministers was a clear sign of the high status accorded to them by senior decision making circles in Kuwait. This was evident in Shaykh Jabir’s speech delivered in 1970. Even the British ambassador Wilton believed that part of the government’s weakness in the first term before the November 1971 reshuffle was its inability to recruit more mercantile ministers.<sup>84</sup> By the November 1971 reshuffle, their representation within the cabinet returned to the levels seen in the ill-fated government of 1964: five members. There was also an

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<sup>81</sup> al-Khatib, *al-Kūwaīt min al-Dawla illā al-Imara: Dhikariyyāt al-‘Amal al-Watanī*, p.43-44.

<sup>82</sup> AJ Wilton, Kuwait, to, AA Acland Esq. Arabian Department, Foreign and Commonwealth Office, 1/6, 17 November 1971, FCO8/1654.

<sup>83</sup> AJ Wilton, Kuwait, to, AA Acland Esq. Arabian Department, Foreign and Commonwealth Office, 1/6, 17 November 1971, FCO8/1654.

<sup>84</sup> Her Majesty’s ambassador at Kuwait, to, the secretary of state for foreign and commonwealth affairs, NBK1/4, 14 March 1971, FCO8/1655.

increase in the number of ministers from different social backgrounds, including Hamad al-Ayyar, a parliamentarian who represented the tribal vote, and ‘Abd al-Razzaq al-Adwani a doctor who did not belong to the mercantile class. The Shi‘a continued to have no representation in the cabinet.

During February 1972, the assembly was able to score a heavy blow against the government when it repealed Article 35 of the press law, which allowed the government through administrative action to suspend or cancel the license of any newspaper. According to the new amendment, courts - rather than the cabinet - had the power to suspend a newspaper. The government still exerted some powers over those newspapers through the public service subscriptions. Newspapers would suffer financially if the government decided to withdraw ministry subscriptions or cut back in its advertising expenditure which were important sources of revenue.<sup>85</sup>

Merchants benefited from this amendment since they owned their own newspaper, *al-Qabas*, which was a recent investment added to their portfolio of political choices in February 1972. The newspaper was owned by four prominent mercantile families: the Al Bahar, Al Kharafi, Al Nusf, and Al Saqr. The newspaper provided merchants another means to voice their concerns and demands to a wider constituency and offered a balance to their weakening influence in parliament. The newspaper also boosted the capacities of the chamber of commerce by publishing the president’s annual speech, its proposals and other policy statements.<sup>86</sup>

In February 1973, on the eve of the Arab-Israeli war and the attendant oil crisis, the oil participation agreement between Kuwait and the oil companies was again raised in the assembly. Jasim al-Qatami, who had the support of some leading merchants, called for a national grouping, which would consist of trade and student unions and other associations, to press for better terms for Kuwait. Wilton, the British ambassador, considered a 51% participation share “dangerous,”

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<sup>85</sup> AJ Wilton, Kuwait, to, AA Acland Esq. Arabian Department FCO, 17 February 1972, FCO8/1835.

<sup>86</sup> Moore, p.95.

especially as other countries might follow suit.<sup>87</sup> In October 1973, in the midst of the Arab-Israeli war, the oil issue was fundamentally reframed when the country's prime minister, Shaykh Jabir, announced that Kuwait would increase its oil price by 70% without referring to the oil companies.<sup>88</sup>

Once the oil issue was settled by the government's decision to increase prices, three members questioned the Minister of Commerce and Industry Khalid al-‘Adsani. Al-‘Adsani, it will be remembered, was the secretary of the 1938 council that sustained a strong movement to wrest executive and legislative powers from the amir to the merchants. The interpolation was submitted by ‘Ali al-Ghanim, Sami al-Munayyis and ‘Abd Allah al-Naibari. Dr al-Khatib explained that the minister's main failing was that he trusted some inefficient officials which led him to make poor decisions.<sup>89</sup> *Al-Qabas* opposed the grilling, and reminded its readers that al-‘Adsani had sacrificed a lot for Kuwaiti democracy during the 1938 and 1939 councils.<sup>90</sup> This position is not a surprising one for the mercantile owned newspaper to take, since some of its owners were involved with al-‘Adsani in the 1938 and 1939 councils.

‘Abd al-Rahman al-Atiqi, the Minister for Oil, was the next in line to be grilled by the parliament. Al-Atiqi was criticised for his handling of Kuwait's oil affairs. During the sessions, Salim al-Marzuq, who came from a mercantile family, Ahmad al-Nafisi and ‘Abd Allah al-Naibari led the opposition camp, though the minister was able to survive a no-confidence vote.<sup>91</sup>

Merchants in the National Assembly still maintained a strong alliance with their nationalist allies, despite al-Qatami's split from them. Both lent each other their support in the interpellations of the ministers for finance and for commerce and industry. When it comes to the grilling of Khalid al-‘Adsani, it too revealed the existence of political divergences found among members of the

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<sup>87</sup> AJ Wilton, Kuwait, to, PRH Wright Esq. MED, FCO, 12/1, 7 February 1973, FCO8/1988.

<sup>88</sup> Amir of Kuwait State of the Nation Speech, Kuwait home service 31 Oct. 73, FCO8/1988.

<sup>89</sup> al-Khatib, *al-Kūwaīt min al-Dawla illā al-Imara: Dhikariyyāt al-‘Amal al-Watanī*, p.44. Dr al-Khatib did not give out any details.

<sup>90</sup> Points of interest in the Kuwait press of 1 April 1974, FCO8/2189.

<sup>91</sup> Gulf Mirror, Sunday 9 June 1974, p.6, FCO8/2189.

mercantile class. One of those who submitted the interpolation was ‘Ali al-Ghanim, himself a member of the mercantile class.

Ultimately, merchants were a minority in the parliament even with their nationalist allies, which did not allow them to impose their will on other representatives. Nor did they attempt to create long-lasting links with other societal representatives in the assembly. There were attempts in the National Assembly by members who represented the newly politicised social groups to organise themselves to counter the mercantile and nationalist alliance, but these did not last long. In November 1971, the National Parliamentary Bloc was formed and the press was able to identify 28 members who had different intellectual backgrounds and who were not able to develop a common platform to work from.<sup>92</sup> The bloc soon disintegrated when activists from the conservative Social Reform Society voiced their objections at a university seminar on co-education.<sup>93</sup> Rumours resurfaced again in 1972 about the possibility of members forming a parliamentary bloc but nothing happened.<sup>94</sup>

The exclusivity of the mercantile-nationalist alliance isolated them both from other parliamentarians. In 1972, British Ambassador Wilton noted that some members launched a “noisy” populist campaign for pay rises for public sector workers. Both the government and Dr al-Khatib with his colleagues abstained from the vote and demanded more time to study the proposals which were rushed through. However the majority of members were able to push through their demands.<sup>95</sup>

A weakening mercantile influence was also evident in the public management of the economic sphere. As Moore pointed out, the government had sought during the 1970s to create a rival mercantile class. The first attempts started in the early 1970s, with a focus on import

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<sup>92</sup> D Wigan, to, JL Beaven Esq. Arabian Department, FCO, 19 November 1971, FCO8/1655.

<sup>93</sup> Her Majesty’s ambassador to Kuwait, to the Secretary of State for foreign and commonwealth affairs, NBK1/3, 29 March 1972, FCO8/1835.

<sup>94</sup> RA Kealy, Kuwait, to, AD Harris Esq. Middle East Department, FCO, 1/4, 1 November 1972, FCO8/1835.

<sup>95</sup> Her Majesty’s ambassador to Kuwait, to the Secretary of State for foreign and commonwealth affairs, NBK1/3, 29 March 1972, FCO8/1835.

substitution through the introduction of more protection regimes for locally produced goods. The KCCI had minimal input in these policies, since it had no representation in an official ministerial committee which had been created to oversee their implementation.<sup>96</sup> However, to counter Moore, merchants had five members at the cabinet that drew up these laws, including the minister for commerce and industry Khalid al-‘Adsani. Furthermore, merchants were in control of those ministries that directly affected their commercial interests, like electricity and water and public works. The point to be stressed is that merchants were able to exert some influence in at least maintaining the status quo, since there were no laws passed that negatively effected their commercial interests. At the same time it cannot be denied that these policies gave rise to a generation of new merchants. The Al Wazzan family group is a case in point. This Shi‘i family owned a sugar company and enjoyed good relations with the ruling family.<sup>97</sup>

The mercantile leadership was yet to face any leadership challenges in the KCCI by the nouveaux riche, nor were they economically challenged by them. However those who had been recently enriched received some attention from the government. The KCCI elite was fully aware of these official attempts to foster a new class of merchants, as ‘Abd Allah al Buaijan, a KCCI board member pointed out.<sup>98</sup>

Generally speaking, the KCCI lost some influence during the 1970’s as the government felt confident to bypass it when designing its own policies. Twice in 1972 and in 1974, the government introduced several measures that dealt with price freezes, and reselling of certain commodities at highly subsidised prices. These measures did not harm the mercantile interests, but they were taken without the KCCI consultation and significantly favoured the newly formed bourgeoisie. The KCCI responded by submitting several proposals to lower prices in 1972 and 1976, and the main focus

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<sup>96</sup> Moore, p.88.

<sup>97</sup> Ibid., p.88.

<sup>98</sup> Ibid., p.94.

was on creating a free trade zone at Shuwaikh Port, which was ignored by the government.<sup>99</sup> Public, the KCCI did not enjoy high levels of public support to back any attempts to block governmental policies due to its exclusive nature.<sup>100</sup>

Overall, Dr Ahmad al-Khatib concluded that the period of the 1971 assembly was among the most productive ones in Kuwait's history.<sup>101</sup> Kuwaiti officials hinted several times during the assembly's tenure at the negative outcomes of the sour relations between the executive and legislative branches, with the prime minister mentioning in October 1972 that Kuwaiti democracy was in danger.<sup>102</sup> The government tolerated the 1971 parliament's attacks and criticisms, but that would not be the case with the next assembly which was unconstitutionally suspended. Merchant influence during the life of the next assembly continued to decline in various social arenas such as the assembly, the cabinet, and the chamber of commerce. The 1975 assembly was the final one of Shaykh Sabah al-Salim's era which ended on 31 December 1977 with his death.

## **6.6 Suspension of the 1975 assembly: a setback or a necessity?**

Kuwait's fourth National Assembly had 25 new members, and merchants were represented by four members, of whom two were newcomers: Jasim al-Kharafi, the son of a prominent merchant; and, Jasim al-Saqr, the brother of the former speaker and Minister of Health 'Abd al-'Aziz al-Saqr. Their nationalist allies had five members, including Jasim al-Qatami and Dr Ahmad al-Khatib.<sup>103</sup>

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<sup>99</sup> Ibid., p.95-96.

<sup>100</sup> Ibid., p.94.

<sup>101</sup> al-Khatib, *al-Kūwaīt min al-Dawla illā al-Imara: Dhikariyyāt al-'Amal al-Watanī*, p.44.

<sup>102</sup> *al-Ṭalī'a fī Ma'arakat al-Dīmuqrāṭiyya* (*al-Ṭalī'a in the Fight for Democracy*), 1981. Dar Kazima li-l-Nashr wa-l-Tarjama wa-l-Tawzi'a , p.79.

<sup>103</sup> 1975 Parliamentary election results, found in the Kuwait Politics Database: <http://www2.gsu.edu/%7Epolmfh/database/maj197500f2.htm>. Accessed on 5 September 2014.

There were claims that the government had granted many bedouin first class citizenship to allow them to vote in these elections, since naturalised Kuwaitis did not enjoy that right during their first 20 years as Kuwaitis. Furthermore, there were rumours that many bedouin were moved to other constituencies in time for the vote, to ensure the success of government-backed candidates.<sup>104</sup>

The main losers were conservative members, and the representatives of the conservative Social Reform Society, while Dr al-Khatib's group lost one of their candidates.<sup>105</sup> The elections were notable for their fierce campaigns that both sides led against each other, which even included oral attacks.<sup>106</sup>

In the new cabinet four out of 15 ministers were merchants: Sulaiman al-Khalid, Humud al-Nusf, Jasim al-Marzuq, and 'Abd Allah al-Ghanim. However, they suffered a setback with the appointment of 'Abd al-Wahhab al-Nafisi as Minister for Commerce and Industry. This development was a departure from the practice of consulting the Chamber of Commerce to choose candidates for this post. Al-Nafisi did not enjoy close ties with the chamber's mercantile leadership and he had some reservations about al-Saqr's support of Arab nationalism. Al-Nafisi "was chosen over resistance from traditional merchants."<sup>107</sup> With the appointment of al-Nafisi, merchants lost an important channel to exert their influence against other ministries, as their clout was weaker in the Ministry of Finance. The minister for finance, 'Abd al-Rahman al-Atiqi was also not on good terms with the merchant-dominated chamber of commerce.<sup>108</sup>

Members of the new assembly did not waste time in attacking the government, with Jasim al-Qatami demanding the submission of a development plan that clarified the government's

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<sup>104</sup> PRM Hinchcliffe, to, R Kinchen Esq. Middle East Department FCO, 8 December 1974, FCO8/2189.

<sup>105</sup> Ambassador, to, the secretary of state for foreign and commonwealth affairs, 22 February 1975, FCO8/2441.

<sup>106</sup> al-Najjar, p.99.

<sup>107</sup> Moore, p.96. Moore got this information from various interviews including with Wail al-Saqr, son of 'Abd al-'Aziz al-Saqr.

<sup>108</sup> Ibid., p.97.



economic vision.<sup>109</sup> In some cases, members like Khalid al-Fuhaid criticised the premier himself over the ineffectiveness of the municipal council.<sup>110</sup> The British embassy reports of 1976 note that the assembly's productivity was low. In March the assembly met once a week, and some sessions were cancelled due to the lack of quorum.<sup>111</sup> On 29 August 1976 Kuwait radio broadcasted several important announcements about the resignation of the government and the amir's acceptance of this fact. Shaykh Jabir al-Ahmad was reappointed as prime minister. The announcements also said that the National Assembly and four articles from the constitution, which dealt with the legislature, were also suspended. The broadcasts announced that a committee to revise the constitution would soon be appointed, and would report within six months.<sup>112</sup> Ironically, *al-Watan* had earlier predicted that the government would submit its resignation and that the parliament would be suspended.<sup>113</sup>

The suspension of the parliament and the constitution's articles generally came as a surprise, and there were diverging views as to why it had happened. Ambassador Lamb's initial analysis of the recent decisions included several factors that might have caused decision makers to take these steps. These included the rise in Islamic conservatism – pork being banned only recently. Politically, some senior officials supported a firmer line with the assembly. Ambassador Lamb noted too that the National Assembly was vocal to the extent of making “malicious” attacks on members of the ruling family.<sup>114</sup> Even though there were still no signs of dissolving the assembly, the parliament was a “noisy but necessary nuisance to the regime,” according to him. However, in that same correspondence, Lamb believed that the events external to Kuwait, notably the civil war in Lebanon, had a major influence on Kuwaiti political life.<sup>115</sup> In a subsequent despatch to the Foreign

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<sup>109</sup> I Farrah, 5 March 1975, FCO8/2442.

<sup>110</sup> PRM Hinchcliffe, Kuwait, to, FX Gallagher Esq. Middle East Department, FCO, 16 May 1976, FCO8/2674.

<sup>111</sup> HG Hogger, Kuwait, to, FX Gallagher Esq. Middle East Department, FCO, 10 April 1976, FCO8/2674.

<sup>112</sup> Kuwait, to, FCO, no.311, 29 August 1976, FCO8/2674.

<sup>113</sup> Kuwait, to, FCO, no. 312, 29 August 1976, FCO8/2674.

<sup>114</sup> Kuwait, to, FCO, no.316, 30 August 1976, FCO8/2674.

<sup>115</sup> Ibid.

Office, Ambassador Lamb concluded that Kuwait wanted to be a neutral mediator in the Lebanese crisis and the National Assembly did not help much. Parliamentarians waged attacks on Syrian involvement in Lebanon which placed the government in an awkward position.<sup>116</sup> Dr al-Khatib writes in his memoirs of the difficulty of speculating about the precise reasons behind the suspension. Although he notes that there were several potential factors such as the situation in the Middle East and the Administrative Court law, which gave the court wide powers to look into civil servants' complaints, but which the amir had previously rejected.<sup>117</sup>

Muhammad Musa'id al-Salih, the editor of newspaper *al-Watan* and who also descended from a wealthy family,<sup>118</sup> believed too that the civil war in Lebanon was a major factor behind the government's decision to unconstitutionally suspend the assembly. Al-Salih was not convinced by government arguments regarding the poor performance of the assembly. For example, the financial committee alone finished off 104 issues in 67 sessions that were held over eight months, while the Council of Ministers failed to reach a similar target.<sup>119</sup>

The suspension of the National Assembly generally negatively affected the strength of merchants' influence in local politics and in the economic sphere. Their influence in various social arenas like the cabinet, chamber of commerce and industry and the press continued to weaken, while the government continued to strengthen its grip on the management of Kuwait affairs.

During the first week of September, the crown prince and prime minister announced his new cabinet. It had three new members alongside the previous ministers, exceeding the constitutional limit of 16 ministers. Yusuf al-Hajji, the new Minister for *awqāf* (religious endowments) and Islamic Affairs was a leading figure in the conservative Social Reform Society, and with his

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<sup>116</sup> Ambassador at Kuwait, to, the secretary of state for foreign and commonwealth affairs: 21 September 1976, FCO8/2674.

<sup>117</sup> al-Khatib, *al-Kūwaīt min al-Dawla illā al-Imara: Dhikariyyāt al-'Amal al-Watanī*, p.55.

<sup>118</sup> al-Qina'at family, to whom the prominent judge Shaykh Yusuf bin 'Isa belongs.

<sup>119</sup> *al-Tali'a*, 27 February 1979, in: *al-Ṭalī'a fī Ma'arakat al-Dīmuqrāṭiyya*, p.132 -133.

appointment the government was able to secure the support of an important conservative element in Kuwait's political life.

In the cabinet, merchants still maintained their previous level of representation at four ministers. One of them, Jasim al-Marzuq, had good relations with the crown prince and prime minister, for whom he owed his admission to the cabinet back in 1971, according to the British embassy reports. While the other three - 'Abd Allah al-Ghanim, Sulaiman al-Khalid and Humud al-Nusf - leaned more towards the KCCI leadership figures, which were more open in their opposition towards the government. For the second time, merchants suffered a loss in the cabinet with the reappointment of 'Abd al-Wahhab al-Nafisi as a minister for commerce and industry which came to their dissatisfaction. 'Abd al-Rahman al-'Atiqi, the minister for finance who was also not on good terms with the chamber, also held onto his post.<sup>120</sup> When it came to the fate of the former parliamentarians, the government still kept on paying their salaries. This can be interpreted as both an indication of its commitment to restoring the National Assembly and an attempt to keep criticism at bay.<sup>121</sup>

Since these measures were taken during the holy month of Ramadan, Lamb had the opportunity to get to know more about local reactions through his visits to various *dīwāniyyāt* (salons). A senior official<sup>122</sup> expressed his dissatisfaction to Lamb over the irresponsibility of the assembly. Members wanted to pay other countries vast sums of money, while others were preoccupied with their own interests as evidenced by their insistence that special amendments be added to the social security law that benefited parliamentarians on retirement.<sup>123</sup>

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<sup>120</sup> Moore, p.97.

<sup>121</sup> JP Nason, Middle East Department, to, Mr. Day, Mr. Lucas, 20 October 1976, FCO8/2674.

<sup>122</sup> 'Abd al-Rahman al-Atiqi, minister for finance.

<sup>123</sup> AT Lamb, to, Mr. Hogger, 6 September 1976, FCO8/2674.

Another senior Kuwaiti official<sup>124</sup> near to the decision making process was no less forthright in the views he offered to Ambassador Lamb. Generally, he had his reservations on the constitutional-democratic system in Kuwait. He began his discussion by mentioning that the 1962 constitution came after Shaykh ‘Abd Allah al-Salim, the former amir, had realised the importance of modernising the political system in Kuwait. He noted that the National Assembly did not suit many, including members of the mercantile class.<sup>125</sup> Generally, it seemed the government felt that public support for the assembly was waning, and it was a good time to pounce by suspending it.

One of the outcomes of the suspension was that the government gained more control over economic decision making.<sup>126</sup> It is true that merchants were appointed in those ministries that were major sources of lucrative public tenders, like public works and electricity and water. However, the mercantile presence in the cabinet did not guarantee that they could push their agenda. The government ignored the merchant-dominated chamber of commerce lobbying for the stock market. In 1977 the Chamber of Commerce forwarded its own recommendations for the stock market. These focused on the importance of transparency, and controlling liquidity by allowing the Central Bank to issue public debt bonds. More importantly, it called on the government to control the use of post-dated cheques more. However, these recommendations fell on deaf ears and officials did not bother to take them seriously due to the good economic conditions at that time.<sup>127</sup>

Mercantile influence was further weakened with the introduction of censorship measures after the dissolution of the National Assembly. Censorship reduced the effectiveness of one of their political investments through newspaper *al-Qabas*. Sami al-Munayyis a former parliamentarian and one of Dr al-Khatib’s close allies, expressed in an interview with *al-Tali’a* his dissatisfaction with the press silence in general during the unconstitutional suspension. *Al-Qabas* was not exempt. Al-

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<sup>124</sup> Dr ‘Abd al-Rahman al-Awadhi, minister for health.

<sup>125</sup> AT Lamb, Kuwait, to, Mr. Hogger, cc. ITN Lucas Esq. MED, FCO, 18 September 1976, FCO8/2674.

<sup>126</sup> Moore, p.98.

<sup>127</sup> Ibid., p.99.

Munayyis noted that on 1 September 1976, newspaper *al-Qabas* concluded that these latest steps were precautionary and needed. It went on to claim that the government might have been blamed in the future if these measures had not been taken.<sup>128</sup>

Their silence and tolerance of the current political conditions could be also explained by the good economic conditions. Historically, merchants were more tolerating of political repression in times of economic boom. In the events of 1939 that followed the dissolution of the 1938 council, merchants did not take any further measures after the suspension and were more preoccupied with minding their own businesses with the improvement of economic conditions.

In general, the economy had been booming, with the exception of a stock market crash which Kuwait was able to fully recover from at the beginning of 1978. Between 1975 and 1976, the Kuwaiti stock market witnessed a boom and prices of some stocks increased by 163%. This was an unsustainable condition and the bubble burst at the end of 1976. Share prices fell by 30% during the first quarter of 1977 and investors liquidated their portfolios sustaining heavy losses. The government decided to intervene and took various measures such as suspending new subscriptions, banning capital increases except within minimum limits and buying shares from the market.<sup>129</sup> By March 1978, the government had spent a total of KWD160 million to shore up the market.<sup>130</sup>

During the stock market crash two dangerous precedents were set: the first was the excessive use of forward deals, which reached hundreds of millions of dinars. The second was governmental interference. Both precedents would reappear again in 1982 during the collapse of the unofficial stock market but at an unprecedented scale (see the next chapter).

Leaving the stock market crash aside, there were no major commercial policy detours and mercantile commercial interests were not harmed. Kuwait still remained heavily dependent on

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<sup>128</sup> *al-Tali'a*, 5 January 1983.

<sup>129</sup> H. Beblawi and R. Fahmi, *The Kuwaiti Stock Market 1946-1980*, Kuwait, The Industrial Bank of Kuwait, 1982, p. 55-56.

<sup>130</sup> Economic Report on Kuwait, 3 July 1978: Report Prepared in Kuwait, June 1978, FCO8/3160.

imports which increased during the 1970s. Imports increased by 47% in 1974, by 52% in 1975 and by 43% in 1977.<sup>131</sup> When it comes to the composition of imports, both intermediate goods and consumer goods had the lion's share. In 1974 intermediate goods represented 37.5% of total imports and consumer goods represented 46.4%. In 1978, intermediate goods were 35.8% of total imports, and consumer goods were 41.2%.<sup>132</sup>

On 25 February 1977, Shaykh Sabah al-Salim announced that he would soon form a committee to revise the constitution. However he gave no further details. Newspaper *al-Anba'* mentioned that the formation of the committee might be delayed by another year.<sup>133</sup> In reality it was only revived four years later. By the end of the year Shaykh Sabah al-Salim had passed away, on 31 December 1977.

## 6.7 Conclusion

By the end of Shaykh Sabah al-Salim's era mercantile influence had weakened in comparison with the beginning of the independence era. With the unconstitutional suspension of the National Assembly merchants had temporarily lost a political investment - albeit a weakening one. In the cabinet, their presence fluctuated between five ministers in the 1971 government and four in the 1975 and 1976 governments. They incurred some losses in both the 1975 and 1976 governments with the appointment of a minister of commerce and industry who was not on good terms with the mercantile controlled chamber of commerce, which also lost some of its power during that decade. Furthermore, the government actively fostered the creation of a new neo-bourgeoisie class.

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<sup>131</sup> R. El Mallakh and J.K. Atta, *The Absorptive Capacity of Kuwait: Domestic and International Perspectives*, Lexington, D.C. Heath and Company, 1981, p.162.

<sup>132</sup> Ibid., p.163. Intermediate goods included building and construction material, spare parts and electric wiring, and consumer goods included foodstuffs and automobiles.

<sup>133</sup> Hogger Kuwait, to, FX Gallagher, Middle East Department, FCO, 011/4461, 14 June 1977, FCO8/2913.

However, there were no negative repercussions due to its waning influence on their commercial interests, which might explain the merchants' tolerance of political conditions.

In the next decade, the government unconstitutionally suspended the National Assembly once more at the end of July 1986. Unlike the passivity displayed by merchants during the 1976 suspension, merchants became more vocal in their opposition to the government. The major difference between the 1976 and the 1986 unconstitutional pause of democratic life was that Kuwait's economy was not in a good condition because of the collapse of the illegal stock market in 1982 and the global slump in oil prices. During these tumultuous events merchants again became more active on the Kuwaiti political scene, the theme of the next chapter.

## **Chapter 7: 1977-1990: The revival of mercantile influence**

This final chapter will focus on the first 13 years of Shaykh Jabir al-Ahmad's rule, from January 1977 until the Iraqi invasion of Kuwait on 2 August 1990. Conditions during this period were tough for merchants and for the rest of Kuwait's population. Kuwait's illegal stock market crashed, costing them billions of dinars, and parliamentary and constitutional life took a number of twists and turns. In 1980, the government formed a constitutional review committee (fulfilling the former amir's promise to do so) which was supposed to suggest constitutional amendments, but the constitution remained intact. In 1981 parliamentary life was restored and elections produced an assembly which was tough on the government and which sat for its full term. In 1986, however, the government unconstitutionally suspended parliamentary life for the second time in a decade because of the assembly's pressure on the government. In 1990, Kuwaitis experienced the shock of seeing Saddam Husain's tanks roll over the border, beginning an occupation that would last seven months.

Compared with their position during Shaykh Sabah al-Salim's era, the merchants' influence strengthened during this period, especially after the unofficial al-Manakh stock market collapsed. Their improved influence came about mainly because their instrumental powers increased, although parliamentary politics proved to be a less powerful political investment through which merchants could use their instrumental powers. Despite their allies merchants were a minority in the National Assembly when compared to the bedouin, who had held the lion's share of both the 1981 and 1985 parliaments. When members of parliament started to challenge merchants' proposals during the al-Manakh crisis, merchants turned to other political investments within their portfolio of instrumental powers in order to exert more influence on the government.

The Kuwait Chamber of Commerce and Industry (KCCI) was a good alternative for merchants to push their own agenda. Circumstances, particularly the collapse of the al-Manakh stock market, allowed the chamber to play a vital role in solving this crisis. The government itself



sought mercantile assistance to solve the crisis because it lacked the capability to solve an issue of such unprecedented scale, thus giving the KCCI a privileged position in the decision-making process. The chamber's influence did not, however, end with the passage of legislation related to al-Manakh. It maintained a strong presence in the economic policymaking cycle because its representatives were also members of the Economic Reactivation Committee and the Supreme Council of Planning, which was formed in 1985. Even after the unconstitutional suspension of the parliament, the government continued to seek the chamber's advice on economic recovery plans.

The other important theme of this chapter is the variety of political outlooks which existed among the mercantile class. Such divergences can be seen in the approach towards the unofficial stock market collapse taken by two mercantile ministers who were members of the cabinet formed after the 1981 assembly. In the parliament too, a mercantile member took a more religious approach than his mercantile colleagues when criticising the government in the aftermath of the al-Manakh crisis. These findings call for a reassessment of claims that merchants were a unified, closely-knit social class.

The events discussed in this chapter provide further support for the pattern of mercantile political activism and government response which was presented in Chapter Three. That chapter argued that merchants tended to push for more political reforms during periods of economic mismanagement and during periods when the government was attacking the means available to merchants to voice their grievances. Two years after the National Assembly was unconstitutionally suspended in 1986, merchants again demanded the restoration of parliamentary life. These demands were made at a time when Kuwait's economic recovery was lagging because oil prices had slumped, and when the high financial costs of the al-Manakh collapse were being felt. In return, the government responded by creating a powerless National Council which was supposed to replace the National Assembly for an interim four year period. The council's life was, however, abruptly ended on 2 August 1990 when Iraq invaded Kuwait. Another significant development in the interim

between the parliament's suspension and the Iraqi invasion was the increased participation of other recently politicised groups in the drive to restore the National Assembly. This was made possible through the *dīwāniyyāt al-ithnain* (Monday salons) a phenomenon which will be discussed later in this chapter.

## 7.1 Setting the economic scene

Generally speaking, it could be said that the 13 years of Shaykh Jabir al-Ahmad's rule before the Iraqi invasion were associated with economic stagnation and subsequent financial crisis. When Shaykh Jabir al-Ahmad took the throne in 1977, Kuwait was recovering from a comparatively mild recession which had begun the previous year. In March 1978 the stock market responded positively to extra liquidity and other stabilisation measures which included the introduction of a floor price for stocks guaranteed by the government. In July, the government suspended the support program which had cost KWD160 million.<sup>1</sup> Banks were also instructed to extend the maturity of loans given to those who were in financial difficulty by two years with a limit of KWD250,000.<sup>2</sup> This episode would be a rehearsal for a major financial disaster that would hit Kuwait's economy and society five years later. The British embassy's financial report warned that the rescue plan might set a precedent and give speculators more incentive to disregard the law and spend unwisely. The chance of such an outcome was high due to the excessive liquidity of the banking system, and that was the case with the al-Manakh stock market crash in 1982.<sup>3</sup>

Despite the recession, caused mainly by the drop in global oil prices, the lives of most Kuwaitis were not drastically affected, as the government was careful to not reduce wages and

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<sup>1</sup> Economic Report on Kuwait, 3 July 1978: Report prepared in Kuwait, June 1978. FCO8/3160.

<sup>2</sup> Kuwait, to, DOT, Tel no. 3, 9 January 1978: Economic and commercial report for the quarter ending 31 December 1977, FCO3160.

<sup>3</sup> Economic Report on Kuwait, 3 July 1978: Report prepared in Kuwait, June 1978, FCO8/3160.

salaries. Total expenditure decreased by 2.4% during 1978 while inflation soared to 9%. The developmental projects were still being pursued, and the budget for 1978-1979 was £770 million for a country with a population of 1.25 million. The opinion of the British officials was that Kuwaitis themselves by the end of Shaykh Jabir's first year were generally satisfied with his efficient way of running the country, although the political salons were criticising the slow pace of political reforms.<sup>4</sup>

As Kuwait entered the 1980s, its oil revenues witnessed a significant drop due to the dramatic decrease in global oil prices after the brief spike following the Iranian revolution and the start of the Iran-Iraq war. Revenues declined from KWD6 billion in 1980 to KWD3 billion in 1982, a 50% drop. The government responded by withdrawing from its reserves.<sup>5</sup> Indeed, in 1988 Kuwait's revenue from its foreign investments were \$5 billion, which actually exceeded oil revenues.<sup>6</sup> The continuing war between neighbours Iran and Iraq also negatively affected the Kuwaiti economy and slowed trade. Non oil exports to Middle Eastern countries fell from \$2.2 billion in 1981 to \$1.1 billion in 1986, a 49% drop.<sup>7</sup>

Amid these negative economic conditions, Kuwait faced a financial disaster of an unprecedented scale with the collapse of the informal stock market, known locally as the Souq al-Manakh. The emergence of this market could be traced back to the previous recession which Kuwait went through in 1977. In August 1977, the government decided to suspend new public subscriptions, and banned any capital increases except within small limits.<sup>8</sup> Investors who were flush with funds decided to create new companies in neighbouring Gulf countries, which covered

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<sup>4</sup> Ambassador at Kuwait, to, the Secretary of State for foreign and Commonwealth Affairs, NBK014/1, 21 January 1979, FCO8/3322.

<sup>5</sup> F. al-Sultan, *Averting Financial Crisis-Kuwait*, International Monetary Fund Work Paper, July 1989, p.25.

<sup>6</sup> J.S. Ismael, *Kuwait: Dependency and Class in a Rentier State*, Florida, University Press of Florida, 1993, p.163.

<sup>7</sup> al-Sultan, p.25.

<sup>8</sup> Beblawi and Fahmi, p.55.

wide areas of economic activities like share trading and industrial and agricultural investments.<sup>9</sup> Most of these investments went into the parallel informal stock market to bypass the restrictions and regulation of the formal market. New issues from 1979-1982 in both the parallel and the official markets totalled KWD2.2 billion - an increase of 373% in the volume of stocks - and the equity base of the parallel market was twice that of Kuwait's official stock market.<sup>10</sup> The parallel stock market continued to flourish, despite the ban imposed by the Ministry of Commerce and Industry during December 1976 on Gulf companies' subscriptions, even though the government turned a blind eye and did not fully enforce rules and regulations.<sup>11</sup> Rules of logic and compliance with international norms and regulations were completely absent.<sup>12</sup> Among the alarming violations of that market was the unregulated use of future trading, which was based mainly on trust, even though the government decided twice in 1977 and 1981 to regulate the use of this investment instrument.<sup>13</sup>

Then came the stock market crash in 1982. The al-Manakh index dropped from 240 points in March 1982 to 110 in August, wiping out tens of billions of dollars of value.<sup>14</sup> Since then, the government has embarked on a lengthy rescue attempt, which involved setting dangerous precedents, such as suspending due process through the creation of the Arbitration Committee provided for by Law 57 of 1982, and withdrawing huge sums of money from the reserve to shore up the economy. Debts reached a staggering KWD24 billion, or \$92 billion spread over 5,000 dealers who were not able to meet their commitments. To put this in context, the size of the al-Manakh debt was four times Saudi Arabia's reserves and 14 times the international loans extended by OPEC countries in 1980.<sup>15</sup> There are several estimates for the cost of rescuing the economy. For example

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<sup>9</sup> Darwiche, p.104. For the translation of the law articles, see: p.20.

<sup>10</sup> al-Sultan, p.5.

<sup>11</sup> Darwiche, p.55.

<sup>12</sup> Ibid., p.55 on the operations of the market itself, and p.31-37 on the characteristics of these Gulf companies.

<sup>13</sup> al-Sultan, p.8.

<sup>14</sup> Ibid., p.10.

<sup>15</sup> Darwiche, p.104. For the translation of the law articles, see: p.101.

Sami al-Munayyis, a former MP, estimated these to stand at KWD2,2728 million at 1986.<sup>16</sup> Fawzi al-Sultan offered a more detailed breakdown of the costs of the rescue, which included KWD1 billion paid to the Creditors Fund, another KWD1.1 billion spent on share purchases and KWD500 million given in aid to the banking sector.<sup>17</sup>

Among the major casualties of the al-Manakh disaster was the banking sector, as five out of the six commercial banks which operated in Kuwait were involved in al-Manakh dealings.<sup>18</sup> In early 1985 senior bank officials announced that 40% of their loan portfolios were non-performing, and the minister for finance announced in October 1985 that the total number of loans in the system was worth KWD4.4 billion, of which only KWD1.5 billion were secured, and there were doubts about how many of the debts could be repaid.<sup>19</sup> Part of the problem was the inability of the Central Bank to act efficiently to prevent the crisis. The Central Bank could have easily picked up some warning signs, like the increase in monthly clearing of cheques from KWD1.2 billion in 1981 to KWD3.9 billion in July 1982. Al Sultan argued that the bank should have done more to ban the use of future trades in order to impose more credit control.<sup>20</sup> Dr Ahmad al-Ruba'i, a former parliamentarian, also attacked the banking sector in a National Assembly session, criticising practices of lending to its own board members and other speculative investment activities.<sup>21</sup>

During these troubled times there were no major or structural changes to official economic policy. In fact, according to some parliamentary criticism found in an economic report submitted in December 1985, the government envisioned for itself a stronger role in commanding the Kuwaiti economy. Former MP Hamad al-Ju'an claimed that the government owned 40% of insurance

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<sup>16</sup> *al-Qabas*, 29 June 1986.

<sup>17</sup> al-Sultan, p.37-8, for more details on how these sums were spent.

<sup>18</sup> *Ibid.*, p.24.

<sup>19</sup> *Ibid.*, p.18.

<sup>20</sup> *Ibid.*, p.34.

<sup>21</sup> *al-Watan*, 16 June 1985.

companies, 40% of real estate companies, 60% of industrial companies, 80% of services companies and 75% of foodstuffs ventures in the country. Al-Ju'an argued that the government policy gave it the upper hand in running the economy, alongside sending a message to Kuwaitis that they could count on it during economic disasters, something al-Ju'an described as an unwanted message.<sup>22</sup>

During this period, Kuwait increasingly relied on income from its foreign investment portfolio. However the government made some ill-fated investment decisions, like its decision in 1981 to purchase the US energy giant Santa Fe. Since the beginning there were some reservations in the US about the deal, because the firm's subsidiary CF Braun was involved in projects for the US Department of Energy nuclear plant at Rocky Flat Colorado.<sup>23</sup> Kuwait's offer was \$2.5 billion, or \$51 per share,<sup>24</sup> which was equivalent to KWD1,558,741,000 and these were withdrawn from the reserves in a clear violation of the reserve law which was issued at 1976.<sup>25</sup> Santa Fe proved to be a failed investment because of the decline in the price of oil and gas at that time. It was estimated that Santa Fe lost about \$2.89 billion between 1980 and 1990, which led the government to sell it in 1994. By then, bankers and analysts concluded that the company's worth had reduced to anything between \$300 million and \$500 million.<sup>26</sup>

## **7.2 The formation of the constitutional review committee**

The transition of power after Shaykh Sabah al-Salim's death in 1977 was smooth, despite the absence of a National Assembly due to its suspension in 1976. Constitutionally, the amir was required to take the oath in front of a sitting National Assembly, which would then announce its

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<sup>22</sup> *al-Ra'i al-'Aam*, 11 December 1985.

<sup>23</sup> *New York Times*, 19 November 1981.

<sup>24</sup> *New York Times*, 2 December 1981.

<sup>25</sup> *al-Qabas*, 29 June 1986.

<sup>26</sup> *New York Times*, 11 November 1994.

allegiance to the next crown prince before his appointment. The local press reported that, in line with the constitution, the amir would consult the former speakers of the National Assembly regarding choosing a prime minister.<sup>27</sup> By the end of January 1978, the amir had appointed Shaykh Sa‘ad al-‘Abd Allah as a crown prince, and in February the latter would become the prime minister too. Cambridge, the British ambassador, noted that this was a departure from the past when the transition of power had been unclear.<sup>28</sup> Shaykh Sa‘ad al-‘Abd Allah formed his first cabinet during February and most ministers retained their posts. ‘Abd al-Mutalib al-Kathmi left the cabinet to be replaced by Shaykh ‘Ali al-Khalifa al-Sabah, who would become a controversial figure during the al-Manakh stock market crash.<sup>29</sup>

The amir had to deal with the restoration of parliamentary life, and he touched upon this matter in a televised broadcast on 3 February marking the end of the mourning period for the late amir.<sup>30</sup> The second year of Shaykh Jabir’s rule, 1979, was also quiet compared to the turbulent regional conditions, most notably the Iranian revolution. Ambassador Cambridge concluded in his annual report that the leading families were content with the current system of informal consultations, and that there were no serious demands made for the restoration of parliamentary life. He also noted that the Iranian revolution had caused some excitement among the Shi‘i community in Kuwait, which organised a demonstration in front of the US embassy. Not surprisingly, the government response was swift and firm.<sup>31</sup>

Four years after the suspension of parliament, Shaykh Jabir al-Ahmad issued a decree on 10 February 1980 which created the Constitutional Review Committee. It stated that its responsibilities included discussions on any amendments to the constitution, and that it would submit its report to

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<sup>27</sup> Kuwait, to, FCO, Tel. No. 45, 23 January 1978, FCO8/3155.

<sup>28</sup> SJG Cambridge, Kuwait, to, Dr. David Owen MP, 4 March 1978, FCO8/3155.

<sup>29</sup> Kuwait, to, FCO, Tel. No.83, 16 February 1978, FCO8/3155.

<sup>30</sup> HG Hogger, to, FX Gallagher, Middle East Department, FCO, 011/446/1, 15 February, 1978, FCO8/3155.

<sup>31</sup> Ambassador at Kuwait, to, the secretary of state for foreign and commonwealth affairs, NBK014/1, 12 January 1980, FCO8/3523.

the premier within six months. The committee was a mix of former parliamentarians, academics and senior civil servants. It had 13 parliamentarians from the 1975 assembly, five lawyers and three newspaper editors. Out of the 35 members, the merchant class was present through a handful of members like Badr Shaykh Yusuf bin ‘Isa, ‘Abd al-Razzaq al-Khalid, Nasser al-Qatami and Ya‘qub al-Humaidhi. Alongside them the committee included tribal representatives, like former member Muhammad al-Barrak, and the newly rich like ‘Abd al-‘Aziz al-Masa‘id the proprietor of newspaper *al-Ra‘i al-‘Aam*.<sup>32</sup>

During this period before the resumption of parliamentary life, merchants were able to use their instrumental powers through two political investments: accepting membership of the Constitutional Review Committee and becoming involved in newspapers. The admission of mercantile elements into the committee matches with Ben Ross Schneider’s arguments about Latin American governments. Schneider concluded that governments might be compelled to cooperate more with businesses when it wants to propose major changes to its developments plans. In this case, the argument can be modified further to include constitutional changes.<sup>33</sup> This was not the first time that the Kuwaiti government had resorted to mercantile assistance during sensitive phases of its modern political history. Back in the late 1950s prior to Kuwait’s independence, the then amir Shaykh ‘Abd Allah al-Salim admitted the merchants to the Supreme Council (as discussed in Chapter Four). The council oversaw the transition of Kuwait from being a British protectorate to an independent state, and helped pass the necessary legislation needed for the independence era, such as the citizenship law.

Within two weeks of its start, the press was showing some signs of disgruntlement with the way the committee was conducting itself. On 2 March, al-Watan criticised the absence of statements

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<sup>32</sup> I McCluney, Head of Chancery, Kuwait, to, Miss O Paget, Middle East Dept. FCO, 18 February 1980, FCO8/3524.

<sup>33</sup> B.R. Schneider, *Business Politics and the State in Twentieth Century Latin America*, p. 27-28.



by members.<sup>34</sup> The committee finally submitted its report on 22 June 1980.<sup>35</sup> On 25 August 1980, Shaykh Jabir issued an Amiri Decree that called for the National Assembly to reconvene by the end of February, a delay of six months.<sup>36</sup> Due to the scarcity of resources and the limited media coverage of its sessions, it is difficult to make any precise judgements about the merchants' position who participated in the committee. Furthermore the Amiri Decree which initiated the committee clearly stated that deliberations were to be made in closed sessions. Dr al-Khatib concluded that the government purposefully chose some respected members in an attempt to market its amendments. Members like Ya'qub al-Humaidhi played a vital role in the Constituent Assembly. His acceptance of amendments that would lead to the creation of a weak legislature would be against the cause he had been advocating over the past decades. The appointment of 'Abd al-Razzaq al-Khalid too would support further Dr al-Khatib's assertion. Al-Khalid was briefly the editor in chief and the proprietor of al-Tali'a, the nationalist opposition newspaper, and he resigned from the 1967 assembly because of claims that the government had rigged the results. Dr al-Khatib claimed in his memoirs that, overall, the committee ended up voicing its objections to the government amendments, which according to him would have led to the creation of a rubber stamp assembly.<sup>37</sup> Hence, the committee recommended keeping the constitution intact.

### 7.3 The resumption of parliamentary life

Some senior officials still had reservations about the restoration of the parliament. In an interview with al-Anba' newspaper on 28 October 1980, Shaykh Jabir al-'Ali, the deputy prime

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<sup>34</sup> *al-Watan* 2 March 1980.

<sup>35</sup> CNR Prentice, Third Secretary, Kuwait, to, K Passmore Esq. Middle East Department, 28 August 1980, FCO8/3524. Due to the lack of published minutes it is difficult to determine the nature of the topics and amendments that were discussed in the committee. However it could be argued that members preferred to keep the constitution intact as no major constitutional changes were put forward after the committee submitted its report.

<sup>36</sup> SJG Cambridge, Kuwait, to, R. Palmer Esq. MED, 25 August 1980, FCO8/3524.

<sup>37</sup> al-Khatib, *al-Kūwaīt min al-Dawla illā al-Imara: Dhikariyyāt al-'Amal al-Watanī*, p.58.

minister and Minister for Information, supported the formation of a council of wise men.<sup>38</sup> Two days later, Muhammad al-Salih, in a demonstration of the power of the merchant owned media, which by the early 1980s had reached their peak in terms of distribution and reach, commented on Shaykh Jabir's statements. Al-Salih wondered how the government could appoint a council of elites and expect to hold it accountable, and he also questioned the meaning of elites.<sup>39</sup>

The government set the election date for 23 February. The new electoral law was passed and Kuwait was divided into 25 constituencies, each returning two members to the National Assembly. Under the old system, Kuwait had been divided into ten constituencies, and each returned five members to the parliament. Prentice of the British embassy did not see any signs of criticism of this law, except that it took the government so long to pass it.<sup>40</sup> According to Dr al-Khatib, the decision to redistrict Kuwait was made by the Council of Ministers in light of its failure to pass its constitutional amendments through the Constitutional Review Committee. The government hoped with this move to fill up the National Assembly with its own allies in order to pass its constitutional amendments with ease. However subsequent events would show that this expectation would not materialise.<sup>41</sup>

In terms of candidates, the final list included 447, compared with the 278 who had stood in the previous parliament's elections. In their own constituencies the Shi'a were well represented, however Prentice doubted their cohesiveness in these elections. Despite government protests, tribes also organised themselves, and in some constituencies they held their primaries to choose their own candidates who focused mainly on local issues.<sup>42</sup> Political Islam too was present in these elections, al-Tajammu' al-Salafi (the Salafist Group) had two candidates and they were Khalid al-Sultan, who

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<sup>38</sup> *al-Anba'*, 28 October 1980, found at FCO8/3524.

<sup>39</sup> *al-Hadaf*, 30 October 1980, found at FCO8/3524.

<sup>40</sup> CNR Prentice, Kuwait, to, K Passmore Esq. Middle East Dept. FCO, 11 January 1981, FCO8/3933.

<sup>41</sup> al-Khatib, *al-Kūwaīt min al-Dawla illā al-Imara: Dhikariyyāt al-'Amal al-Watanī*, p.58.

<sup>42</sup> CNR Prentice, Kuwait, to, M Connor, Middle East Dept. FCO, 22 February 1981, FCO8/3933.

came from a wealthy mercantile family, and Jasim al-‘Oun. This group was created in 1965, and was similar in terms of ideologies to the Wahhabi movement in Saudi Arabia.<sup>43</sup>

Prentice predicted that al-Tajammu‘ al-Watani (the National Group) headed by Jasim al-Qatami would do well, and he had similar expectations for Dr Ahmad al-Khatib’s colleagues, but not for al-Khatib himself.<sup>44</sup> His predictions proved accurate and Dr al-Khatib failed to win his seat. Al-Tali‘a claimed that the leaders of the nationalist movement had been subject to smear campaigns, and had been accused of being atheists and communists.<sup>45</sup> However Dr al-Khatib had a different interpretation. The loss according to him did not necessarily mean the demise of the nationalist movement. It happened that in some cases candidates won with a small margin of votes and this was the case with Muhammad al-Salih who lost by four votes to Khalid al-Sultan.<sup>46</sup>

Dr al-Khatib also attributed his group's loss to the redrawing of electoral boundaries in these elections. The constituencies were small in size, which according to him allowed the government to easily transfer its loyalists to other constituencies without any major difficulties.<sup>47</sup> Dr Khaldun al-Naqib, a Kuwaiti academic, offered a detailed study on the effects of the new plan. From his findings he concluded that the new plan benefited the bedouin at the expense of the Shi‘a. For example, under the old system, the Shi‘a’s votes were mainly concentrated in both the first and seventh districts, which returned ten members to the parliament. Under the new plan, both districts were kept intact. However, since there were now 25 instead of 10 districts, the two districts returned only four members to the parliament. When it came to the bedouin vote, under the old system their votes were concentrated in several constituencies like Jahra and al-Ahmadi. In the new plan, Jahra

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<sup>43</sup> F.‘A.A al-Mudairis, *al-Jamā‘a al-Salafiyya fī al-Kūwaīt: al-Nasha‘a wa-l-Fikr wa-l-Taṭawwur (1965-1990)*, (The Salafist Group in Kuwait: Its Creation, Ideology and Development), Kuwait, Dar Qurtas li-l-Nashr, 1999, p.6,11.

<sup>44</sup> CNR Prentice, Kuwait, to, M Connor, Middle East Dept. FCO, 22 February 1981, FCO8/3933.

<sup>45</sup> *al-Tali‘a* 11 March 1981.

<sup>46</sup> al-Khatib, *al-Kūwaīt min al-Dawla illā al-Imara: Dhikariyyāt al-‘Amal al-Watanī*, p.77. Results can be found in the Kuwait Politics Database: <http://www2.gsu.edu/percent7Epolmfh/database/elec198100d2.htm>. Accessed on 7 September 2014.

<sup>47</sup> al-Khatib, *al-Kūwaīt min al-Dawla illā al-Imara: Dhikariyyāt al-‘Amal al-Watanī*, p.58.

was split into three constituencies, which increased its representatives to six members from the previous five. Al-Ahmadi was split into five new districts which boosted its representation from five to ten members.<sup>48</sup> Al-Naqib concluded that there were also non-political motives behind the redrawing of electoral boundaries. The creation of new districts, and the demographic changes made it necessary to review the old boundaries. However, the government could have redrawn the boundaries in a way that integrated the various elements of Kuwaiti society instead of isolating the three main political groups: the Sunni, the Shi'a and the bedouin populations.<sup>49</sup>

The merchant class was represented by three members in the assembly. The first was Khalid al-Sultan, a newcomer who came from the wealthy al-Qina'at family, and a member of the al-Tajammu' al-Salafi (the Salafist Group) Islamic group. The other two merchants were Jasim al-Saqr, brother of the first speaker of the National Assembly and a former minister, and Jasim al-Kharafi, who would be appointed as the Minister for Finance in the next assembly. Their minimal presence was balanced by the election of some of their allies, like Mishary al-Anjari who belonged to a family of good standing that was however not considered part of the *'aṣīl* (of pure lineage/original) mercantile class. The Shi'a representation fell from ten members in the 1975 assembly to only three members in this assembly. Tribes were able to secure the lion's share of 25 seats.<sup>50</sup>

Shaykh Sa'ad al-'Abd Allah was reappointed as prime minister. Privately, the British embassy commented positively on these new appointments, stating that the government was stronger and more professional. 'Isa al-Mazidi was the only parliamentarian to be offered a ministerial post in telecommunications. There were two merchants in the cabinet, including the minister for the newly merged Ministry of Finance and Planning, 'Abd al-Latif al-Hamad. According to the British embassy, he was "one of the most impressive administrators in Kuwait".

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<sup>48</sup> K. al-Naqib, *Sīra al-Qabaliyya wa-l-Dīmuqrāṭiyya: Hālat al-Kūwaīt*, (The Struggle Between Tribalism and Democracy: the Case of Kuwait.), Beirut, Dar al-Saqi, 1996, p.126.

<sup>49</sup> Ibid., p.125,127.

<sup>50</sup> 1981 parliamentary elections results found in the Kuwait Politics Database: <http://www2.gsu.edu/%7Epolmfh/database/maj198100f2.htm>. Accessed on 7 September 2014.

The second minister was Jasim al-Marzuq, who was transferred to the Ministry of Commerce and Industry after serving as a Minister for Education.<sup>51</sup> After four years of absence, the National Assembly was scheduled to reconvene on 9 March.<sup>52</sup> Once the assembly reconvened it started to look into laws that were passed during its absence.<sup>53</sup> There were no signs of trouble from the assembly. In fact, al-Tali'a criticised the assembly for focusing on issues that directly affected their constituents which should be left for municipality councillors, like the installation of heat insulators.<sup>54</sup>

#### **7.4 A state in crisis: the al-Manakh stock market disaster**

Suddenly, after a quiet resumption of parliamentary life, Kuwaitis found themselves facing a disaster of an unprecedented scale: the collapse of the unofficial al-Manakh stock market. When the crash first occurred, debts in 1982 stood at KWD24 billion. The al-Manakh crisis revealed the variances of mercantile strength in various "social arenas".<sup>55</sup> Merchants were able to exert their influence and use their instrumental powers by utilising one of their political investments, which was the Kuwait Chamber of Commerce and Industry, dominated by them, which played an active role in the aftermath of the al-Manakh disaster. Parliamentary politics as a tool through which merchants could practice their instrumental powers proved to be less effective because merchants were a minority in the parliament with only three members. Moreover, those social groups that

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<sup>51</sup> Kuwait, to, FCO, tel. no. 188, 5 March 1981, FCO8/3933.

<sup>52</sup> SJG Cambridge, Kuwait, to, Lord Carrington KCMG MC, Secretary of State for Foreign and Commonwealth Affairs, 4 March 1981, FCO8/3933.

<sup>53</sup> *al-Siyasa*, 14 April 1981.

<sup>54</sup> *al-Tali'a*, 3 June 1981.

<sup>55</sup> Migdal, 'State power and social forces: Domination and transformation in the third world', p.27.

allied themselves with the government like the bedouin who were a majority in the parliament, became themselves more politicised in putting forward their own set of demands and grievances.<sup>56</sup>

Divergences in the political outlook of mercantile politicians also appeared in both the Council the Ministers and the National Assembly. In the parliament, mercantile parliamentarians criticised the government but from different perspectives. In the 1981 and 1985 parliaments, Khalid al-Sultan - a new mercantile entrant to parliamentary life - embraced political Islam with his affiliation to al-Tajammu‘ al-Salafi (the Salafist Group), unlike Jasim al-Saqr who was also new to formal political life. The existence of these diversities challenges the typical view of a politically unified mercantile class. These differences showed too that in some cases merchants’ positions on some important issues were sometimes built on ideological motives. In the cabinet ‘Abd al-Latif al-Hamad adopted a firmer approach towards solving this crisis unlike his counterpart Jasim al-Marzuq who was more lenient.<sup>57</sup> The next paragraphs which discuss the al-Manakh disaster will try to elucidate more on these divergences, and the ability of merchants to exert more influence through the chamber of commerce rather than parliamentary politics.

Rules and international conventions were not taken seriously at al-Manakh. Investors set their own rules, and in the end the results were catastrophic.<sup>58</sup> But, before it collapsed in 1982, al-Manakh had been wildly popular and found some important promoters. In November 1981 ‘Abd al-‘Aziz al-Saqr, a merchant and the first speaker of the National Assembly, claimed that the market was beneficial for Kuwait. He noted that these companies helped relieve the pressure of speculation in Kuwaiti company shares, which some Kuwaiti companies faced.<sup>59</sup> In the same month, however, al-Saqr stressed the need to have the necessary information available for investors to make sound

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<sup>56</sup> Crystal, p.83.

<sup>57</sup> Although these might appear trivial examples, Pete Moore noted the importance of taking into consideration any signs of changes as these might entail political effects in small countries like Kuwait, footnote 33 in Moore, p. 94.

<sup>58</sup> Darwiche, p.93.

<sup>59</sup> Ibid.. p.62.

decisions. He also mentioned the importance of having professional speculators in the market, especially with the existence of high financial surpluses and a small production base.<sup>60</sup> Al-Saqr's advice fell on deaf ears. Many businessmen with longstanding reputations, like Muhammad al-Ibrahim who owned the Hyundai dealership, decided to focus mainly on al-Manakh. His daily profits in some cases exceeded KWD1 million, but all of this ended with the collapse of the market.<sup>61</sup>

Within a year the Kuwait Chamber of Commerce and Industry also voiced its reservations on the workings of al-Manakh in a memorandum submitted to Prime Minister Shaykh Sa'ad during July 1982. Criticisms were made about the excessive use of post-dated cheques. The chamber suggested the revision of the current laws and regulations and the creation of a clearing house company which would be responsible for all of the stock market deals.<sup>62</sup> During July, initial signs of problems started to appear when many dealers submitted their post-dated cheques. Banks according to Kuwaiti law were allowed to honour them as long as the drawer had enough credit. The total collapse of the market came in August due to the submission of a post-dated cheque which bounced back.<sup>63</sup>

As soon as al-Manakh collapsed, the focus was mainly on those few dealers whose star had risen during al-Manakh's heyday. They were able to amass huge fortunes during a short period of time. All of them came from modest backgrounds and were known as the 'al-Manakh musketeers'. Members of established mercantile families were not much involved in this financial disaster. These 'musketeers' were responsible for 70% of the market liabilities, they were: Muhammad al-Ibrahim,

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<sup>60</sup> *al-Watan*, 15 November 1981.

<sup>61</sup> *al-Nahhar*, 6 June 2012, <http://www.annaharkw.com/annahar/Article.aspx?id=334350&date=06062012> . Accessed on 10 September 2014.

<sup>62</sup> *al-Watan*, 28 July 1982.

<sup>63</sup> Darwiche, p.87.

Ahmad al-Kandari, Basil al-Asta, Zaid al-Mutawa, ‘Abd Allah Kabazard, Humud al-Jabri and the brothers Jasim and Najib al-Mutawa.<sup>64</sup>

Once the al-Manakh bubble had burst, the government announced that it would act. By the end of September, ‘Abd al-Latif al-Hamad the minister for Finance and Planning, hinted at the possibility of lowering the high premiums on post-dated cheques to a maximum of 20%, down from a high of 100% in order to bring the debt down to a reasonable size.<sup>65</sup> However a month later during October *The Economist* magazine reported that the minister decided to take a tougher stance by requesting full payment of these cheques.<sup>66</sup> Other measures taken before the end of the parliamentary summer recess during October included placing major dealers under house arrest, and Central Bank orders for easing the restrictions on lending. Forward dealings were finally suspended on 12 September.<sup>67</sup>

From October 1982, both the assembly and the government raced against each other to find a solution to the crisis. Law 57 of 1982 was passed in accordance with Article 71 of the constitution. The article gave the amir the right to issue any laws during the assembly’s absence. Once it reconvened during October, some members voiced their objection to the law as emergency legislation.<sup>68</sup> Among one of the main provisions of Law 57 was the creation of the arbitration board, which had the sole right to look into transactions related to company shares, and all legal procedures were suspended.<sup>69</sup> In his defence, Minister for Commerce and Industry Jasim al-Marzuq blamed investors for their ignorance when it came to the excessive use of post-dated cheques. Al-Marzuq also stated that the main purpose behind the temporary suspension was to speed up the

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<sup>64</sup> Ibid., p.107.

<sup>65</sup> *The Economist*, 25 September 1982.

<sup>66</sup> *The Economist*, 30 October 1982.

<sup>67</sup> Darwiche, p.102-103.

<sup>68</sup> *al-Qabas*, 10 October 1982.

<sup>69</sup> Law 57 of 1982, found in the GCC legal database - in Arabic <http://www.gcc-legal.org/DisplayLegislations.aspx?LawTreeSectionID=8161>. Accessed on 13 September 2014.



arbitration process, since many would be made bankrupt under current laws.<sup>70</sup> Thus al-Marzuq's statements were in contrast to those of his mercantile colleague 'Abd al-Latif al-Hamad, who had a much firmer approach to this issue.

In the parliament, al-Manakh provoked anti-government opposition from members of various political hues and social groups. The government, although under constant parliamentary attack, was able to pass all of the al-Manakh legislation. It was, however, heavily debated and the government was subject to various attacks. Jasim al-Saqr made an important point during November 1983 concerning the large amount of legislation passed for this crisis. He placed most of the blame on the government, especially given the fact that the parliament passed all laws after debate and did not block any. He added that the government had the capability to deal with the problem, whereas the parliament could only legislate.<sup>71</sup> What matters for this thesis is the opinions of mercantile parliamentarians who voiced their reservations about the conduct of the government in solving the al-Manakh crisis, but voiced them from different angles. Jasim al-Saqr doubted the constitutionality of Law 57 since it gave judicial powers to newly created bodies instead of to the courts.<sup>72</sup> Khalid al-Sultan joined al-Saqr too in criticising the law, but he demanded the full application of Islamic law and the government's dismissal. Another merchant who criticised the government was Jasim al-Kharafi who blamed for the government for its neglect.<sup>73</sup>

The next round of al-Manakh lawmaking started in November 1982. It was during this phase of the al-Manakh crisis that the mercantile dominated chamber of commerce assumed a more proactive role in solving this financial catastrophe. Demands previously made by the Chamber of Commerce to create an offset company materialised with the creation of the Kuwait Clearing and Financial Settlements Company (KUCLEAR). This development was a change from the

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<sup>70</sup> *al-Qabas*, 10 October 1982.

<sup>71</sup> *al-Ra'i al-'Aam*, 23 November 1983.

<sup>72</sup> Darwiche, p.104. For the translation of the law articles, see: p.106.

<sup>73</sup> *al-Watan*, 12 October 1982.

government neglect of the chamber's proposals during the 1970s. Since the initial phases of the al-Manakh crisis, the government had sought the services of the mercantile dominated Chamber of Commerce. Previously, merchants had staffed the arbitration board which was created by Law 57.<sup>74</sup> KUCLEAR was one of the avenues through which the merchants were able to offer their assistance to the government, especially with the appointment of Hilal Mishary al-Mutairi<sup>75</sup> who was the director general of the Chamber of Commerce. This newly created company also worked closely with the chamber arbitration committee,<sup>76</sup> and with the mercantile controlled National Bank of Kuwait to sort out and even settle the debts.<sup>77</sup> It released some shocking information about the liabilities, which reached KWD26,743 billion, and the arbitration board decided to ban those who were responsible for 70% of the market liabilities from transferring their assets.<sup>78</sup>

The decision of the Kuwaiti government to seek assistance from the private sector fits in well with arguments found in the literature on business and government relations in Latin America. Governments in Latin America sought the assistance of the private sector for the collection of accurate information, which could not have been compiled due the lack of administrative capacities, as was also the case in Kuwait.<sup>79</sup> The government at that time clearly did not have the ability to deal with such a massive financial meltdown. Both the mercantile controlled National Bank of Kuwait and the Kuwait Chamber of Commerce and Industry were tasked with collecting the necessary data needed for solving the al-Manakh debts.<sup>80</sup>

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<sup>74</sup> *The Economist*, 4 December 1982, although the article did not give any names, however this is a good hint on government reliance on mercantile experience especially in commercial and financial issues.

<sup>75</sup> A grandson of the famous Hilal bin Fajhan al-Mutairi, one of the three rebellious pearl merchants who migrated during Shaykh Mubarak's era.

<sup>76</sup> Not to be confused with the Arbitration Board which was created by Law 57 of 1982.

<sup>77</sup> Moore, p.131.

<sup>78</sup> Darwiche, p.107.

<sup>79</sup> Schneider, *Business Politics and the State in Twentieth Century Latin America*, p.29.

<sup>80</sup> Moore, p.131.

The next al-Manakh legislation passed was Law 59 of 1982. This piece of legislation created the Debtors Guarantee Fund, with capital of KWD500 million to be drawn from the general reserves. The law stipulated that the fund would collect 1% from each transaction made and proceeds would be returned to the reserves. Alongside collecting the fees, the fund would pay the debts of those whom the arbitration board classified as bankrupt.<sup>81</sup> Jasim al-Saqr supported this law on the grounds that the constitution laid the responsibility of solving any major disasters on the government. Jasim al-Kharafi had reservations about the 1% fee and advised on increasing it to 2% with a guarantee that the fund's capital would be returned to the reserves.<sup>82</sup> Members of the subsequent parliament would remind al-Kharafi of these statements made in this session, because he later changed his stance and leaned more towards the government.

In December, the Kuwait Chamber of Commerce decided to take more action. At the beginning of that month it demanded the signatures of the 'musketeers' involved to allow the chamber to act on their behalf. Some investors had reservations about that step, as they feared that the chamber's judgement would be final and they demanded more information on the terms of settlements. It was vital to secure the signatures of the eight musketeers whose cheques totalled \$63 billion, as without them any solution would be useless.<sup>83</sup> The chamber then issued its own statement on the al-Manakh crisis. The chamber supported the reduction of post-dated cheque premiums down to 25-50%.<sup>84</sup> Penalties too would be imposed on those unable to pay before the deadline. These

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<sup>81</sup> Law 59 of 1982, found at the GCC legal database - in Arabic <http://www.gcc-legal.org/DisplayLegislations.aspx?LawTreeSectionID=8160> Accessed on 14 September 2014.

<sup>82</sup> *al-Siyasa*, 17 November 1982.

<sup>83</sup> *The Economist*, 4 December 1982.

<sup>84</sup> It must be noted that 'Abd al-Latif al-Hamad's brother Ya'qub al-Hamad was a board member of the chamber of commerce. Although there are no detailed minutes of the chamber deliberations, the point being made here is that the chamber proposals of lowering the premiums are in contrast to 'Abd al-Latif's firm approach in the cabinet. Which again supports this thesis's argument of the existence of divergences among members of the mercantile class as opposed to the typical view that they are a unified social class.

measures were well received and the majority of debtors decided to sign up to the scheme.<sup>85</sup> The year ended without any clear sign of a solution that would solve these problems soon.

The chamber of commerce might have been motivated to act because of the financial damages that al-Manakh might have inflicted on the whole financial system. The National Bank of Kuwait, a mercantile bastion of the financial sector was not highly affected during the al-Manakh crisis, but there were fears however about the way that these debts would be paid.<sup>86</sup> Banks would have suffered from increased bankruptcies. Furthermore, banks would be left without securities against their loans due to the decrease in the prices of both shares and property. Economic conditions might deteriorate further if banks demanded these securities due to the increase in the supply of shares, which would in turn reduce their value further.<sup>87</sup> Furthermore, *The Economist* magazine reported at the time that the established mercantile families might have viewed this crisis as an opportunity to control assets owned by the nouveau-riche 'junior millionaires' who benefited from the al-Manakh stock market boom.<sup>88</sup>

Relatives of the chamber leadership and their friends who were involved in al-Manakh exerted their influence in the chamber too.<sup>89</sup> An important caveat to al-Manakh must be mentioned at this point, which is the availability of information. It is difficult to get hold of accurate information about those who were directly involved and the compensation payments they received because of the rules governing the disclosure of financial information in Kuwait. Testimonies of those who witnessed these turbulent times are an alternative source of information but care should

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<sup>85</sup> Darwiche, p.112-4, for details of the memorandum.

<sup>86</sup> Moore, p.130.

<sup>87</sup> Darwiche, p.119.

<sup>88</sup> *The Economist*, 4 December 1982.

<sup>89</sup> Moore, p.129-130. This information was given to Pete Moore in an interview with Jasim al-Sa'dun a Kuwaiti economist.

also be taken<sup>90</sup> when considering these. Dr Ahmad al-Khatib offered a more critical view in his memoirs. He claimed that the government wanted to attack some prominent figures, though he did not provide any names. These were, according to him, able to avoid the al-Manakh madness. However, some of their financial interests were negatively affected due to their ownership of shares in some banks that extended loans to the speculators. He specifically mentioned that the government was after the merchant-owned National Bank of Kuwait since it was one of those banks which made its way safely through that disaster.<sup>91</sup>

At the beginning of 1983, the new bodies and institutions created during the al-Manakh crisis, like the Arbitration Board and KUCLEAR, were still carrying on their work and were publishing more information about the size of the al-Manakh crisis. According to their statistics, 5,509 people registered 28,878 cheques with KUCLEAR to a value of KWD2,676 billion.<sup>92</sup>

Tribal parliamentarians voiced their disgruntlement with the chamber's proposal of premium reduction. They argued that the chamber's plans would pass on the financial burden to small investors while allowing the major ones to carry on safely.<sup>93</sup> This was a sign of how the Kuwaiti political scene had changed in comparison with the early days of parliamentary life. Other politicised social factions such as tribes were gaining more political experience and were challenging mercantile political influence. Tribal and Islamist MPs had gained more experience in financial issues, which made it sometimes difficult for the chamber to push through its demands.<sup>94</sup>

The government too was still under pressure from MPs, despite arguing that no country in the world would be able to solve a crisis of this magnitude any quicker.<sup>95</sup> It ended up again

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<sup>90</sup> Care should also be taken when it comes to considering these testimonies. The position of the person who gave these testimonies must be considered, and furthermore some of these testimonies are not backed up with accurate and precise information. When it comes to Dr al-Khatib, he was supportive of the mercantile class.

<sup>91</sup> al-Khatib, *al-Kūwaīt min al-Dawla illā al-Imara: Dhikariyyāt al-'Amal al-Watanī*, p.46.

<sup>92</sup> Darwiche, p.114.

<sup>93</sup> Moore, p.131.

<sup>94</sup> Ibid., p.126.

<sup>95</sup> *al-Anba'*, 19 January 1983.

submitting a third law during February. Law 75 of 1983 provided for the creation of the organisation to settle transactions related to forward dealings of the company's shares. This organisation would deal with the investors deemed by the Arbitration Board as unable to pay their debts and to provide assistance to their creditors. The organisation also had the right to send investors to the bankruptcy courts. Article 17 fixed the end of December 1983 as a final due date for the debts.<sup>96</sup>

The law passed the assembly floor with a majority of 43 members, while four members, including the speaker of the assembly Muhammad al-'Adsani voted against it, and three abstained. During the debates, Khalid al-Sultan continued to attack the government for its inability to fully apply Islamic shari'a instead of the laws they had proposed, as this (according to him) allowed a number of the musketeers to hide some of their ill gained profits. Al-Sultan demanded that Prime Minister Shaykh Sa'ad dismiss the ministers involved in the creation of those companies which were traded on the al-Manakh. Minister for Justice Shaykh Salman defended the government's choice of date on the grounds that it would allow the clearing house more time to fully assess the situation.<sup>97</sup>

The law failed to solve the problem. The government's intervention in the stock market through purchasing more shares did not rectify the situation and there were fears that many investors would go bankrupt.<sup>98</sup> Moreover the government found itself in need of the expertise of the chamber of commerce and industry. Both sides, the cabinet and the chamber, met on 27 June and agreed to suspend bankruptcy procedures and to allow the Arbitration Board to reduce the indebtedness of the bankrupted parties, but these procedures were not implemented.<sup>99</sup> Some

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<sup>96</sup> Law 75 of 1983, found at the GCC legal database - in Arabic, <http://www.gcc-legal.org/DisplayLegislations.aspx?LawTreeSectionID=8159> Accessed on 17 September 2014.

<sup>97</sup> *al-Siyasa*, 13 April 1983.

<sup>98</sup> Darwiche, p.118-119.

<sup>99</sup> *Ibid.*, p.120.

commentators concluded that these recommendations were unjust since some creditors would have received compensation from the Debtors Guarantee Fund, while others would have been forced to make sacrifices if the Arbitration Board had been allowed to reduce debts.<sup>100</sup>

Merchants did not sit by idly. They continued to push for their 'premium stripping' proposal by deploying both the KCCI and newspaper *al-Qabas* to reach this goal. The newspaper complimented the chamber's efforts by posing itself as a mean through which the merchants could voice their opinions to a wider proportion of society. According to the findings of the Kuwait Centre for Gulf Studies, *al-Qabas* had the highest circulation rates locally at the beginning of the 1980s.<sup>101</sup> *Al-Qabas* opened fire on the opposition's amendments, which took a firmer approach than the KCCI-backed 'premium stripping' formula proposal, while the Islamist newspaper *al-Mujtam'a* - which represented political Islam - attacked the business and government relations.<sup>102</sup> *Al-Mujtam'a's* remarks were further evidence of how other newly politicised factions, like political Islam, were maturing by making similar political investments to those made by the mercantile class, including owning their own newspapers. Alongside using newspapers, the mercantile dominated chamber of commerce also decided to send off to the parliament some of its brightest figures to present their views to a recently formed committee tasked with looking into a new al-Manakh law.<sup>103</sup>

The government during August submitted a fourth law, Law 100 of 1983, which introduced a new settlement formula similar to the one proposed by the Chamber of Commerce in December 1982. Repayments were based on the spot price plus a percentage of profit that would represent the difference between the spot price and the forward purchase price and it was capped at 25%. When it

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<sup>100</sup> Ibid., p.120.

<sup>101</sup> Moore, p.127.

<sup>102</sup> Ibid., p.132.

<sup>103</sup> Ibid., p.132. This information was given to Pete Moore by 'Isa al-Shahin, the head of the committee who noted too that some of the debtors were well connected and were able to offer bribes.

came to dealing with the settlements of investors who were referred to the settlements organisation, the Debtors Guarantee Fund would recalculate these according to the new formula.<sup>104</sup>

The law did not pass the floor of the assembly with ease. In an extraordinary session held at the beginning of August, members continued to attack the government and some even demanded its resignation. Khalid al-Sultan pressed the government to return to Islamic law. He suggested the immediate suspension of interest payments, and urged that compensation should be based on capital only. According to him, these laws led to an unwanted outcome since the deficit was simply passed from big to the small investors.<sup>105</sup> Minister for Commerce and Industry Jasim al-Marzuq tried to sell the law by claiming it would help solve 60-70% of the crisis. Al-Marzuq also pointed to the possibility of issuing more laws, a statement rejected by Jasim al-Saqr, who was against the law and warned that Kuwait's legislative reputation might be jeopardised because of the high number of laws issued on this single, albeit important, matter.<sup>106</sup> Eventually the law was passed, though it still had many loopholes that were a source of dissatisfaction for many dealers. For example, part of the settlement was based on the spot price of shares. However, in reality these were never published, making it more difficult to determine an accurate settlement.<sup>107</sup> Law 100 of 1983 was the final al-Manakh law. Al-Saqr renewed his reservations again about the suspension of due process and concluded that the Arbitration Board which was provided for in Law 57 of 1982 was not achieving much.<sup>108</sup>

Within a month, Minister for Finance and Planning 'Abd al-Latif al-Hamad had submitted his resignation on 14 September as a sign of his dissatisfaction, and the Minister for Oil Shaykh 'Ali al-Sabah assumed his portfolio alongside his job. The recent law conflicted with al-Hamad's

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<sup>104</sup> Law 100 of 1983, found at the GCC legal database - in Arabic <http://www.gcc-legal.org/DisplayLegislations.aspx?LawTreeSectionID=8157> . Accessed on 18 September 2014.

<sup>105</sup> *al-Qabas*, 10 August 1983.

<sup>106</sup> *al-Watan*, 12 August 1983.

<sup>107</sup> Darwiche, p.123.

<sup>108</sup> *al-Ra'i al-'Aam*, 23 November 1983.



goal of controlling inflation by reducing public expenditure.<sup>109</sup> Khalid al-Sultan mentioned in a parliamentary session in November that al-Hamad had left the government because he was dissatisfied with the figures submitted to the parliamentary legislative committee.<sup>110</sup> Al-Hamad's resignation goes against the typical view of the Kuwaiti mercantile class as a unified social class. Since the beginning of the al-Manakh stock exchange, al-Hamad had taken a tough stance against the dealers and demanded the full payment of their debts. Whereas the mercantile dominated chamber of commerce, which had in its board membership the minister's brother Ya'qub, preferred the premium stripping formula which considerably lowered the amount of debts. As stated earlier, the works of Philip Khoury on the Damascene mercantile class and works by Robert Vitalis offer proof for the existence of divergences in the political outlook of members of the mercantile class in different settings in the Arab world.<sup>111</sup>

## **7.5 The 1985 assembly and its suspension: More mercantile influence through the economic field**

As 1984 came to a close so did the life of the 1981 assembly. Kuwaitis soon prepared themselves for the next parliamentary election. Elections were held on 20 February 1985. Members of the nationalist movement, including Dr Ahmad al-Khatib, and Sami al-Munayyis, won their races, while the former speaker of the assembly, Muhammad al-'Adsani, lost.<sup>112</sup> Other significant losers included Jasim al-Saqr, who lost by 24 votes to Jasim al-Kharafi in the third electoral district

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<sup>109</sup> Darwiche, p.124.

<sup>110</sup> *al-Siyasa*, 3 November 1983.

<sup>111</sup> Joel Migdal noted that these divergences are not unique to the Arab world, in fact some Marxists argued that unified social classes are not found in real societies, J. Migdal. 'The state in society: an approach to struggles for domination', in J. Migdal, A. Kohli and V. Shue (eds.) *State Powers and Social Forces: Domination and Transformation in the Third World*, Cambridge, Cambridge University Press, 2007, p.19.

<sup>112</sup> *al-Siyasa*, 21 February 1985.

of Qibla.<sup>113</sup> Despite predictions, traditional religious groups lost out to more moderate candidates including Dr ‘Abd Allah al-Nafisi, who would prove himself to be one of the most notable opposition leaders in the parliament going forward, and tribal members still maintained a good majority in the assembly.<sup>114</sup>

Other new members whose star would shine in the assembly were Dr Ahmad al-Ruba‘i and Mubarak al-Duwaila. The former was closely allied to Dr al-Khatib while the latter represented political Islam. There were three merchant representatives: Jasim al-Kharafi, the next minister for finance; Jasim al-Qatami, a reformist with close ties Dr al-Khatib; and, Khalid al-Sultan who came in fourth place.<sup>115</sup> Tribal representatives still made up the lion’s share of the parliament with 25 members, and the Shi‘i position still remained the same with three members.<sup>116</sup> The elections produced a tough, self-assured and unflinching assembly, representing most political groupings in Kuwait. But for the government it was perhaps too tough and within a year, for the second time, it defied the constitution to once again suspend the parliament.

The new cabinet was formed at the beginning of March, and some in the economic and financial sectors were pleased with the appointment of Jasim al-Kharafi as Minister for Finance; his role in the al-Manakh crisis had received widespread praise.<sup>117</sup> The other mercantile minister was the rebellious Minister for Social Affairs and Labour Yusuf al-Nusf, who submitted his resignation less than a month after the government’s formation on 24 March. During the parliament session on 26 March, the minister for finance said that al-Nusf resigned for personal reasons. However Jasim

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<sup>113</sup> 1985 parliamentary elections for Jasim al-Kharafi district results found in the Kuwait Politics Database: <http://www2.gsu.edu/percent7Epolmfh/database/elec198500d3.htm>. Accessed on 20 September 2014.

<sup>114</sup> *al-Watan*, 22 February 1985.

<sup>115</sup> 1985 election results for Khalid al Sultan constituency, found in the Kuwait Politics Database: <http://www2.gsu.edu/percent7Epolmfh/database/elec198500d2.htm>. Accessed on 20 September 2014.

<sup>116</sup> *al-Siyasa*, 4 March 1985.

<sup>117</sup> *al-Watan*, 27 March 1985.

al-Qatami claimed that al-Nusf was not comfortable with the way that the Council of Ministers managed its own affairs.<sup>118</sup>

Until April 1985 there had been no political casualties at the hands of the assembly in relation to the al-Manakh crisis. At this time three members of the assembly - Hamad al-Ju'an, Dr Ahmad al-Ruba'i and Mubarak al-Duwaila - submitted a motion to quiz Minister for Justice Shaykh Salman because of two compensatory cheques issued to his son.<sup>119</sup> Shaykh Sa'ad expressed his dissatisfaction and argued that the minister had been defamed by the assembly's accusations of embezzling public funds.<sup>120</sup> At the beginning of May, ten members submitted a no-confidence motion to be discussed in the next session but within a week, on 6 May, Shaykh Salman submitted his resignation. Sa'ud al-Osaimi was appointed as minister for justice five months later.

Thus by the end of the first term relations with the government were sour and there were no signs of any improvement. Prior to the start of the new term in October, Jasim al-Qatami stated that he had received information about the dissolution of the parliament.<sup>121</sup> In late 1985, the parliament demanded that the ministers for Finance and Oil submit their resignations over loans which had reached KWD744 million, including a KWD266 million loan given to members of the ruling family who invested on the al-Manakh exchange. Mishary al-Anjari cited a report by al-Anba' on guarantees that did not exceed KWD250 million for these loans.<sup>122</sup> In an attempt to defend itself, the government began in 1986 to examine the loans given to two members of the ruling family during the al-Manakh crisis, and the Minister for Finance Shaykh 'Ali claimed that there had been no wrongdoing.<sup>123</sup>

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<sup>118</sup> *al-Siyasa*, 17 April 1985.

<sup>119</sup> *al-Risala*, 5 May 1985.

<sup>120</sup> *al-Siyasa*, 27 October 1985.

<sup>121</sup> *al-Anba'*, 25 December 1985.

<sup>122</sup> *al-Qabas*, 2 January 1986.

<sup>123</sup> *al-Siyasa*, 12 March 1986.

Tensions increased in March 1986, when the parliament debated the government's economic report. Members decided to send Hamad al-Ju'an to inspect the records of the Central Bank, a decision rejected by the minister for finance on the basis of Article 28 of the Central Bank law which dealt with secrecy of information.<sup>124</sup> By the end of March, talk had increased over the possibility of suspending the assembly. Shaykh Sa'ad denied the veracity of these rumours and he said clearly that there were no plans to stop parliamentary life.<sup>125</sup> However, such hopes were expressed in vain as relations between the government and the assembly were increasingly tense. Minister of State for Cabinet Affairs Rashid al-Rashid, announced the government's intent to refer the assembly's decision on al-Ju'an to the constitutional court.<sup>126</sup>

More damaging was the report submitted by the State Audit Bureau, which uncovered more information about the al-Manakh affair. Among the catalogue of violations listed was the government's failure to stay within the financial limits of the small investors fund, causing it to withdraw more funds from the general reserves. This report caused an uproar in the assembly. Members also reminded minister al-Kharafi of the opinions he expressed when he had been a member, and Sami al-Munayyis and Hamad al-Ju'an announced their intention to question the ministers for Oil and Industry and for Finance on this specific issue.<sup>127</sup>

Locally the conditions were not favourable to the government. Kuwaitis were taken by surprise by bombing incidents at the oil refineries and, following the attack, parliamentarians demanded the resignation of the minister for the interior and the whole cabinet.<sup>128</sup> More alarmingly, some members decided to question the Minister for Transport 'Isa al-Mazidi about delays in collecting late telephone bills, and the Minister for Education Hassan al-Ibrahim was also

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<sup>124</sup> *al-Watan*, 27 March 1986.

<sup>125</sup> *al-Watan*, 31 March 1986.

<sup>126</sup> *al-Qabas*, 23 April 1986.

<sup>127</sup> *al-Anba'*, 22 June 1986.

<sup>128</sup> *al-Anba'*, 20 June 1986 and *al-Anba'*, 1 July 1986.

targeted.<sup>129</sup> On 1 July, all cabinet ministers submitted their resignation to Crown Prince and Prime Minister Shaykh Sa'ad al-'Abd Allah. Minister for Foreign Affairs Shaykh Sabah al-Ahmad told al-Watan newspaper that Shaykh Sa'ad might also follow suit.<sup>130</sup>

The amir could now either appoint a new government, or dissolve the assembly and call for new elections. However, on 3 July 1986, Shaykh Jabir al-Ahmad issued an Amiri Decree which suspended the assembly and four articles of the constitution. Other measures taken included the amendment of Article 35 of the press law which allowed the Council of Ministers and the Minister for Information to revoke newspaper licenses through administrative decisions.<sup>131</sup> For the next six years Kuwait would be ruled by decree and by the end of 1989 Kuwaitis had begun to demand the restoration of parliamentary life in what was known as *dīwāniyyāt al-ithnain* (Monday salons).

In line with the previous suspension, some mercantile figures like Jasim al-Kharafi were still members of the cabinets that administered Kuwait during the unconstitutional suspension period. Alongside al-Kharafi the other mercantile figure was Faisal al-Khalid who was the minister for commerce and industry. On his website, al-Kharafi says that he decided to stay in the cabinet in order to maintain public oversight of the government, since he was an elected member when he accepted the ministerial post.<sup>132</sup> It must be noted that Jasim's father, Muhammad al-Kharafi, joined other members in refusing their parliamentary seat in 1967 as a sign of their dissatisfaction with the government's interference in the elections.

When discussing the mercantile reactions to the unconstitutional suspension, some attention needs to be given to the issue of the lack of information. Ben Ross Schneider noted in his work on Latin America that there was limited information especially on the perceptions and motives of state

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<sup>129</sup> *al-Watan*, 2 July 1986.

<sup>130</sup> *al-Risala*, 6 July 1986.

<sup>131</sup> Jasim al-Kharafi's website: <http://www.jassimalkharafi.com/CvNational.aspx?onRollOver=percent5Btype+Functionpercent5D&onRollOut=percent5Btype+Functionpercent5D&onPress=percent5Btype+Functionpercent5D#09>. Accessed on 22 September 2014.

<sup>132</sup> Schneider, *Business Politics and the State in Twentieth Century Latin America*, p.31.

actors when collaborating with businesses.<sup>133</sup> In Kuwait this could also be the case when studying the views of business leaders about their relationship with the government. Few politicians in Kuwait have published their memoirs as Dr al-Khatib has done, and what adds to the difficulty of knowing more about the mercantile ideas is the fact that the newspapers were subject to censorship during the unconstitutional suspensions of the National Assembly.

The unconstitutional suspension of the National Assembly was a setback for Kuwaiti democracy. However merchants still had other political investments through which they could make their voice heard in the higher echelons of the regime. A new avenue through which they could exert their influence more effectively in the economic field was the Economic Reactivation Committee, for the creation of which Kuwait Chamber of Commerce and Industry president ‘Abd al-‘Aziz al-Saqr had lobbied the government. The committee’s membership came from the chamber board and senior government officials.<sup>134</sup> After the passage of the four pieces of al-Manakh legislation, the Economic Reactivation Committee worked to devise solutions to revitalise the Kuwaiti economy in the long run. The committee was able to execute its work without any social pressure, and was able to propose various measures that did not require any parliamentary assent, like giving preference to local contractors and more protection for local industries, all of which benefitted the mercantile class too. More importantly, the committee pushed for the government purchase of non-performing bank debt which would also protect mercantile interests in the finance sector. At the same time, in order to balance up its initiatives, the committee advised on including tough measures against those investors who hid their fortunes abroad. Although the plan was not accepted in parliament, the Council of Ministers approved it after the unconstitutional suspension in August.<sup>135</sup> The fact that the cabinet accepted the committee plans, which were devised by both the

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<sup>133</sup> Moore, p.127.

<sup>134</sup> Ibid., p.133-4.

<sup>135</sup> Ibid., p.127.

chamber and senior officials, revealed the strength of the mercantile controlled chamber of commerce's instrumental powers, especially in the economic realm. Alongside the Economic Reactivation Committee, the mercantile controlled chamber of commerce also had another avenue through which it could exert its influence, which was the Supreme Council of Planning created in 1985. The chamber of commerce had appointed seven out of the ten independent members of the council. The council's job was to provide the government with solutions to deal with the decreased official revenues.<sup>136</sup>

### **7.6 *dīwāniyyāt al-ithnain* (Monday salons): an end to the silence<sup>137</sup>**

For a second time, Kuwaitis witnessed an unconstitutional suspension of the National Assembly, but unlike the first time, many decided to take some action this time around. These events showed the extent to which the Kuwaiti political scene had changed in recent decades. In doing so, it highlighted how the merchant class's dominance was being challenged by other groups, including the bedouin and religious conservatives, both of whom joined the chorus of disapproval that followed the assembly's suspension.

Dr al-Khatib wrote in his memoirs that once the assembly was suspended, 31 members held regular meetings at the house of Faisal al-Sani', a former parliamentarian, and they decided to issue a statement demanding the restoration of parliamentary life. Other means of keeping the public informed about their plans was through the production of cassettes. Members then decided to hold their meetings at member Ahmad al-Sa'dun's house, a prominent ex-MP, and they decided to form the 'Committee of 45' which had in its membership parliamentarians and politicians.<sup>138</sup>

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<sup>136</sup> Yusuf al-Mubarakī's account was beneficial for these events. It included the articles, statements, and speeches given during these events. Kuwaiti press did not offer much information due to the censorship measures which were introduced after the unconstitutional suspension of parliament in July 1986.

<sup>137</sup> al-Khatib, *al-Kūwaīt min al-Dawla illā al-Imara: Dhikariyyāt al-'Amal al-Watanī*, p.90-1.

<sup>138</sup> al-Mubarakī, *Hīn Ista'ad al-Sha'ab al-Kūwaītī Dustūrahu*, p.27.

Between March 1988 and June 1989, there were widespread efforts in every electoral constituency to collect at least 50 signatures for a new petition to restore parliamentary life,<sup>139</sup> while members submitted their own petition to the Amiri Diwan (the official office of the Amir of Kuwait) calling for the restoration of parliamentary life.<sup>140</sup> ‘Abd al-‘Aziz al-Saqr was among those merchants who voiced their objection to the government’s suspension. on 4 July 1989 Shaykh Jabir received a petition from al-Saqr<sup>141</sup> and his colleagues, but he did not accept it because of his dissatisfaction with its contents. Due to the petition’s limited circulation, al-Saqr was accused of pursuing his own interests when he met the amir. The contents of the petition were made public in a meeting at Ahmad al-Sa’dun’s *dīwāniyya* (salon). The petition demanded the restoration of parliamentary life. However ‘Abd al-‘Aziz al-Saqr, according to some sources, refused to publish the petition.<sup>142</sup>

In this suspension it took merchants about two years to make a public move for the restoration of parliamentary life in Kuwait. It is difficult to know precisely the motive behind their activism due to the absence of detailed accounts or autobiographies. However, from the available evidence it seems that merchants adopted a two-pronged strategy: they continued to meet senior officials (including the amir) to voice their grievances, which was the case with al-Saqr meeting Shaykh Jabir. They also, however, increased their cooperation on economic matters with the government through the chamber of commerce. To carry out this strategy merchants made two political investments: strong personal links with government officials and the use of the chamber of commerce.

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<sup>139</sup> Ibid., p.39.

<sup>140</sup> Humud al Nusf, a member of a mercantile family and a former minister of public works attended that meeting too.

<sup>141</sup> Ibid., p.27-8.

<sup>142</sup> Pete W. Moore, *Doing Business in the Middle East: Politics and economic crisis in Jordan and Kuwait*, New York, Cambridge University Press, 2004, p.134.



Merchants like ‘Abd al-‘Aziz al-Saqr might have been compelled to voice their concerns about the political stagnation more loudly due to the adverse economic conditions. Economic recovery in Kuwait still lagged due to the slump in oil prices, even after the cabinet accepted the Economic Reactivation Committee Proposals, which were drafted by both officials from the chamber and the government.<sup>143</sup> Oil prices kept decreasing and banks faced more difficulties in getting rid of their unrecoverable debts. Merchants too were still working with the government to come up with more solutions for reviving the economy through the chamber of commerce and industry. In December 1989, the government and the chamber drafted their proposals for recovery, which included initiatives suggested by the Massachusetts Institute of Technology (MIT) and the chamber of commerce for the economy, but still there were no signs of recovery.<sup>144</sup>

On the streets, the next step political step was the formation of the ‘Group of 45’, which consisted of representatives of various political groups. Its main task was to demand the restoration of parliamentary life. Merchants participated in this group. ‘Abd al-‘Aziz al-Saqr was a member of a sub committee which was responsible for contacting the Amiri Diwan (the official office of the Amir of Kuwait). Out of 45 members, there were three other merchants, Salah al-Marzuq, ‘Ali al-Ghanim and Walid al-Nusf.<sup>145</sup> Due to the censorship measures that existed, former parliamentarians decided to hold public meetings in their own sitting rooms, or *dīwāniyyāt* (salons). These were held every Monday in what came to be known as *dīwāniyyāt al-ithnain* (Monday salons). In some cases the government forcibly tried to shut them down. Seven meetings were held from November 1989 to January 1990. The first meeting was held at Jasim al-Qatami’s *dīwāniyya* (salon), with the aim of informing the public about the latest political moves. Mishary al-Anjari’s *dīwāniyya*, which was the venue for the second meeting, was shut down by the government. Soon after, the deputy prime

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<sup>143</sup> Ibid., p.134.

<sup>144</sup> al-Mubarakī, *Hīn Ista‘ad al-Sha‘ab al-Kūwaītī Dustūrahu*, p.31-2 for a full list of the Group of 45.

<sup>145</sup> Tetreault, p. 71.

minister and Minister for Foreign Affairs met with seven members of the Group of 45 and offered his apologies for what happened. But in an expression of dissatisfaction with these recent measures, members of the public gathered to hold a silent demonstration after *al-‘ishā*’ (the final prayer of the day) prayer in Fatima’s mosque in ‘Abd Allah al-Salim district.<sup>146</sup>

The fourth meeting took place at member Muhammad al-Marshad’s *dīwāniyya* (salon) in al-Khaldiya area. Member Mubarak al-Duwaila who represented religious groups, pointed out that some figures, including merchants like Ya‘qub al-Humaidhi and ‘Abd al-‘Aziz al-Ghanim, had informed senior government officials that the only solution was the restoration of parliament.<sup>147</sup> The fifth meeting was held on 8 January 1990 at member Ahmad al-Shurai‘an’s *dīwāniyya* (salon) in the al-Jahra area, the traditional tribal base in Kuwait. For the second time, the government decided to shut down a *dīwāniyya*, and al-Shurai‘an was taken into police custody, before being released because of his parliamentary immunity.<sup>148</sup>

Organisers cancelled a meeting at member ‘Abbas al-Munawir’s *dīwāniyya*, when the amir announced the commencement of a national dialogue. Members prepared a statement that the newspapers refused to publish due to censorship laws. Without the oxygen of media coverage it was decided to hold a seventh meeting at al-Munawir’s *dīwāniyya* (salon). On 22 January people proceeded to the venue only to find the security forces blocking access and ordering the gathering to disperse. Once security personnel withdrew, people gathered at al-Munawir’s *dīwāniyya* (salon) and, in what was the last meeting of its type, nine parliamentarians gave speeches which focused on the national dialogue. Member Sa‘ad Tami said that what had happened previously was a clear

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<sup>146</sup> al-Mubarakī, *Hīn Ista‘ad al-Sha‘ab al-Kūwaītī Dustūrahu*, p.84.

<sup>147</sup> al Khatib, *al Kuwait min al Dawla illa al Imara: Thekayat al Amal al Watani*, p.93-4.

<sup>148</sup> al-Mubarakī, *Hīn Ista‘ad al-Sha‘ab al-Kūwaītī Dustūrahu*, p.113.

indicator that Kuwaitis living in tribal areas were much more aware of their political rights and that the government should start treating them accordingly.<sup>149</sup>

### 7.7 The formation of the national council: Historical patterns revived

In February, Shaykh Sa‘ad met with members of the ‘Group of 32’, which consisted of parliamentarians demanding the restoration of the National Assembly.<sup>150</sup> On 22 April 1990, Shaykh Jabir al-Ahmad announced the formation of the National Council. This newly created body would consist of 50 elected and 25 appointed members, and its main tasks were to study the factors leading to the deterioration of relations between the National Assembly and the government. The council also took over some functions practiced by the National Assembly such as overseeing the performance of the various ministries and discussing the State Audit Bureau’s report.<sup>151</sup>

In a meeting with the press, the crown prince said that the amiri orders did not mention anything about amending the constitution, and he was also against calls for his government’s resignation.<sup>152</sup> Across society, this news was not well received due to previous demands made to restore parliamentary life, and negative reactions forced the security forces to block access to member al-Sa’dun’s house in late April, forcing demonstrators and parliamentarians to proceed to Salih al-Fadala’s *dīwāniyya* (salon) where they expressed their dissatisfaction with the recent measures.<sup>153</sup>

The situation was getting increasingly tense, with 20 members of the dissolved assembly sending a letter to the amir on 2 May setting out their objections to the creation of this new

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<sup>149</sup> *Al Hayat*, 8 February 1990, found at Yusuf Mubarak Al Mubarakī, *Hīn Ista‘ad al-Sha‘ab al-Kūwaītī Dustūrahu*, p. 138-9.

<sup>150</sup> *al-Nahda*, 28 April 1990.

<sup>151</sup> *al-Qabas*, 24 April 1990.

<sup>152</sup> *al-Hayat*, 8 February 1990, found in: al-Mubarakī, *Hīn Ista‘ad al-Sha‘ab al-Kūwaītī Dustūrahu*, p.171.

<sup>153</sup> *Ibid.*, p.171.

council.<sup>154</sup> This was also a chance for the media, especially some mercantile owned newspapers and magazines to exert their own influence. Some mercantile owned newspapers chose to support the government. Al-Anba', which was owned by the wealthy al-Marzuq family, claimed in its commentary that the council's elections would be held under democratic conditions, and it attacked its opponents as a minority wanting to stir up chaos and trouble.<sup>155</sup> Al-Anba's pro-government stance is another indication that different political perspectives existed among members of the mercantile class.

In wider society, attitudes were less positive. On 8 May the authorities arrested some participants in a meeting at 'Abd al-Muhsin al-Farhan's *dīwāniyya* (salon), which had been attended by veteran political activist Dr al-Khatib.<sup>156</sup> Later in the same month, the amir ordered the authorities to drop all charges against those recently arrested.<sup>157</sup> Once they were freed they issued a statement demanding the dismissal of the minister for the interior and called for more reforms in that ministry.<sup>158</sup> Senior merchants decided to join the opposition against these latest government plans. 'Abd al-'Aziz al-Saqr issued a petition on 16 May 1990 in which he announced that he, along with 194 individuals representing various sectors of Kuwaiti society, would boycott the next election. Al-Saqr explained that the government's 1986 attacks had challenged the democratic model that had been evolving since the early 1960s.<sup>159</sup> National Council elections were held on 10 June 1990. Voter turnout was poor and some candidates were not allowed to publish their manifestos and platforms without the assent of the censor. The government also turned a blind eye to some voting irregularities which included vote buying.<sup>160</sup> Controversy aside, this newly created

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<sup>154</sup> *al-Anba'*, 15 May 1990.

<sup>155</sup> *al-Khalij*, 10 May 1990, found in: al-Mubarakī, *Hīn Ista'ad al-Sha'ab al-Kūwaītī Dustūrahu*, p.154.

<sup>156</sup> *al-Khalij*, 21 May 1990 found in: al-Mubarakī, *Hīn Ista'ad al-Sha'ab al-Kūwaītī Dustūrahu*, p.157.

<sup>157</sup> *al-Hayat*, 25 May 1990, found in: al-Mubarakī, *Hīn Ista'ad al-Sha'ab al-Kūwaītī Dustūrahu*, p.157.

<sup>158</sup> The statement is found in: al-Mubarakī, *Hīn Ista'ad al-Sha'ab al-Kūwaītī Dustūrahu*, p.339-343.

<sup>159</sup> The statement is found in: al-Mubarakī, *Hīn Ista'ad al-Sha'ab al-Kūwaītī Dustūrahu*, p.351-356.

<sup>160</sup> Moore, p.123.

body did not last for long, as its life came to an abrupt end with the Iraqi invasion of Kuwait on 2 August 1990.

## 7.8 Conclusion

Mercantile activism during the *dīwāniyāt al-ithnain* (Monday salons) and the formation of the National Council matches with their historical pattern of political behaviour. It has been argued throughout this thesis that merchants would be more vocal and demand more political reforms during adverse economic conditions, as well as when the government reduced their points of access to the political system, which was the case during political activism in 1921, 1938, and the 1950s. During the period covered in this chapter, the government attacked merchants' political rights by unconstitutionally shutting down the National Assembly within less than a decade. However in this unconstitutional suspension economic recovery lagged because of the slump in oil prices and the high financial cost of the al-Manakh collapse. Whereas in the case of the previous unconstitutional suspension there had not been wide social demands for the restoration of parliamentary life - not even from the mercantile class. Economic conditions after the 1976 unconstitutional suspension were better, however, due to higher oil prices.

A major departure of both the *dīwāniyāt al-ithnain* (Monday salons) and the formation of the National Council was the participation of the other recently politicised social groups, like the bedouin, in demanding more political reforms. Historically, members of the mercantile class led the reform movements, whereas the other social groups were still not as politically active. The *dīwāniyāt al-ithnain* (Monday salons) events, however, offered merchants a golden chance to regain their historical role as leaders of political reform.<sup>161</sup>

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<sup>161</sup> *al-Nahda*, 28 April 1990.

The formation of the National Councils also matches the government's historical pattern of behaviour. Historical experiences, like the aftermath of the 1939 council and during the 1950s, show that the government would create less powerful and representative bodies in times of political tension and crisis. The National Council - in comparison with the National Assembly - had limited powers because laws would become valid only once the amir had given his assent to them. Whereas in the 1962 constitution the National Assembly approval was needed. Members of the National Council could not interrogate any minister; laws made by Amiri Decree only allowed them to send questions and inquiries to the concerned ministers.<sup>162</sup> However the Iraqi invasion of Kuwait abruptly ended the life of the National Council.

In comparison with Shaykh Sabah al-Salim's era, the merchants' influence improved during the period covered in this chapter. Shaykh Sabah al-Salim's era ended with the parliament being unconstitutionally suspended and the Kuwait Chamber of Commerce and Industry being sidelined. However circumstances changed during Shaykh Jabir al-Ahmad's times. Merchants were able to play a more active role, especially in the economic sphere after the collapse of the illegal stock market. During the al-Manakh disaster the government found itself in need of assistance to deal with the al-Manakh disaster. The chamber was able to provide some of the services which the ministers were incapable of, such as collecting the necessary data after the collapse of the market. However, there is some evidence, although not strong, of mercantile involvement in this disaster. Even then they still were able to exert some influence when it came to solving the crisis.

Events also revealed that members of the mercantile class did not have a unified political outlook. Since the 1950s, the mercantile class enjoyed strong relations with politicians who represented the Arab Nationalist Movement, like Dr Ahmad al-Khatib. However Khalid al-Sultan's embrace of the salafist Islamic movement was a clear indicator that merchants were also affected by other political ideologies. Political divergences among members of the mercantile class could also

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<sup>162</sup> Crystal, p.57.

be found in the cabinet in the contrasting positions taken by their representatives. There was a complete difference between ‘Abd al-Latif al-Hamad’s stern tone and Jasim al-Marzuq’s attempts to push through the four pieces of al-Manakh legislation in the parliament. The fact that these divergences existed among the mercantile class is clear evidence of the inaccuracy of some academic assessments of this class as homogenous.

Mercantile political activism during those first 13 years of Shaykh Jabir al-Ahmad’s rule was still in line with the historical trends which date back to the pre-independence era. However a major departure in the second unconstitutional suspension of the National Assembly was the participation of other recently politicised groups in Kuwaiti society like the bedouin in demanding the restoration of parliamentary life and the constitution. Iraq’s invasion of Kuwait on 2 August 1990 marked the end of a political era in Kuwait’s modern history. Following Kuwait’s liberation on 26 February 1991 a new political era began, one which needs more academic attention and research due to the changes which occurred to the political scene. Primary amongst them was the invigorated ability of the bedouin and Shi’a to further their political agendas further along tribal/sect-based lines. The government too would find it more difficult to unconstitutionally suspend the assembly, due to the promises made at the Jeddah conference which was held during the Iraqi occupation to fully restore the constitution and parliamentary life. This meant that the government would develop new tactics to circumvent parliamentary opposition. The story of this thesis, however, stops at the Iraqi invasion of Kuwait on 2 August 1990.

## **Chapter 8 Conclusion: The indelible marks of merchants on Kuwait's body-politic**

This thesis aimed to study the historical evolution of mercantile influence on Kuwaiti politics during the twentieth century, focusing particularly on the period from 1910 until the Iraqi invasion of Kuwait on 2 August 1990. To this purpose, primary archival material and arguments from the field of international political economy were utilised to study the evolution of their role in the political sphere, particularly using the concepts of structural and instrumental power. The thesis concludes that merchants witnessed a shift from structural powers in the pre-oil era to a reliance on instrumental powers after oil began to be exported.

Pre-oil, local rulers depended on mercantile economic activity to generate state revenues and provide employment in the local economy. Thus, merchants could punish rulers by reducing their levels of economic activity should conflict develop with the rulers. This was vividly illustrated in Chapter Two with the decision of the three leading pearl merchants to leave Kuwait with their pearling fleets in 1910 because of their disgruntlement with the increasing tax burden applied by the ruler Shaykh Mubarak. This illustrates the ability of the capitalist class to utilise the mobility of their assets by implementing capital flight as a form of protest in a non-democratic setting. The strength of mercantile structural power was so great that the ruler had to personally travel to the rebellious merchants to convince them to return to Kuwait.

Merchants went on to use their structural powers again, but this time in an attempt to introduce political reform, in a series of events which extended to an attempt to take some of the executive powers from the ruling family for themselves. The movements for reform of the 1921 and 1938 councils in the era of Shaykh Ahmad al-Jabir were a case in point, which were covered in Chapter Three. Several legislative and administrative bodies were formed during this period, largely spearheaded by the merchants. During the 1930s, however, merchants' structural power started to wane due to the collapse of the pearling industry, caused by both the global Great Depression and



the advent of cultured Japanese pearls. Nevertheless, merchants were still the main source of revenue for the government, and the weakening of their structural powers actually provided them with an impetus for pushing their reform agendas.

This thesis has argued that a discernible pattern of political behaviour can be seen on the part of the government and the mercantile class from the 1938 council and continuing well into the oil era. When developing this conclusion the thesis built on the concept of the existence of ‘recursive patterns’ in Kuwaiti politics.<sup>1</sup> It was argued that in times of political crises the government would act by shutting down representative bodies and creating alternative appointed bodies which enjoyed fewer powers. This was the case in the 1938 council events, when the ruler ultimately dissolved the council and replaced it with an appointed one with fewer powers. On the flip side, the 1938 events revealed that whenever merchants were shut out from the decision making process during adverse economic conditions, they tended to respond by demanding more political reform. However, merchants preferred to remain silent if the government decided to attack political rights during times of economic booms. This explains the merchants’ acquiescence to the dissolution of the second legislative council in 1939, at which point economic conditions had started to improve.

With the export of oil, the merchants’ structural powers started to erode and they had to shift to a reliance on instrumental powers to influence the political sphere. Oil revenues guaranteed the government a long-lasting source of revenue which surpassed mercantile contributions to the public treasury, therefore ending the former's financial dependence on the latter. Furthermore, merchants were no longer the main employers of locals, as Kuwaitis were increasingly employed in the expanding state bureaucratic structures, while merchants increasingly relied on expatriates with limited influence in the political sphere for employment in the private sector.

This shift to reliance on instrumental powers meant that merchants had to diversify their strategies for political influence. The portfolio of political investments the merchants used was

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<sup>1</sup> Tetreault, p.66-67.

diversified and varied across time and circumstance. These included becoming active in the formal democratic arena of the parliament, becoming part of the emerging state bureaucracy, establishing chambers of commerce, setting up media outlets and forming alliances with other emerging forces in society. These were the main themes covered in the chapters focusing on the post-oil era.

As part of the utilisation of their instrumental powers, merchants actively became part of the formal political process. This took several forms. The merchants were able to leave a long lasting influence on Kuwaiti politics through their leading role in the drafting of the Kuwait constitution in 1961-1962 via their membership in the constitutive committee tasked with drawing up the constitution. Through this committee merchants ensured that basic political liberties such as freedom of speech and assembly, as well as the freedom to conduct private enterprise, were enshrined in the Kuwaiti constitution. They also actively participated in parliamentary politics, using their influence in society to consistently elect MPs to the parliament in order to voice their opinions. Furthermore, merchants often took up appointments in successive government cabinets, as well as involvement in state committees and bodies, such as their involvement in the immensely crucial Citizenship Committee at the end of the 1950s which determined who was entitled to Kuwaiti citizenship. What is noticeable is that merchants would display both the ability to work within the government and penetrate it, as well as often opposing it, as was displayed in some merchants' alliance with the Arab nationalist movement discussed below.

The Kuwait Chamber of Commerce and Industry (KCCI) was set up by merchants in 1959 and this would prove one of the main outlets of instrumental power that merchants would deploy. This was particularly the case in the al-Manakh informal stock market crisis in 1982. Given the enormity of the crisis and the inability of the government to deal with it effectively alone, and given that the merchant families were not directly involved in the crisis, it increasingly relied on the technical capabilities and recommendations of the KCCI to formulate its policy and response to the

crisis. This proved to be a crucial outlet for the merchants to re-establish their influence on the political and economic scene.

Beginning in the 1960s, merchants forcefully entered the media scene through the establishment of their own newspapers in a clear demonstration of their instrumental power. During the 1970s four mercantile families launched *al-Qabas*, which would become the most influential and widely circulated newspaper in the 1970s and 1980s. ‘Abd al-Razzaq al-Khalid, another merchant, was briefly the proprietor of leading opposition newspaper al-Tali‘a, while *al-Anba*’ was created in 1976 and owned by the Al Marzuq mercantile family. The Al Salih family also entered the foray through their newspaper *al-Watan*. These newspapers, particularly *al-Qabas*, would play a leading role in formulating the debate around some of the most important political events in Kuwait, including the al-Manakh crisis referred to above.

Merchants at the beginning of formal parliamentary life were a minority in comparison with other social groupings that became more politically active like the bedouin. In response, one of the main strategies the merchants employed was forming a strong alliance with other emerging social and political forces. This was particularly the case with the Arab nationalist movement, with the alliance reaching its height between the 1950s and 1970s. Part of the success of the alliance, could be related to the fact that some members of the mercantile class, like Ya‘qub al-Humaidhi and Jasim al-Qatami, were themselves influenced by nationalist rhetoric. Hence, ideological motivations also played a crucial role in explaining the actions of some members of the mercantile class. The alliance with other social groupings would be expanded in the late 1980s when merchants joined forces with other social groups, including the bedouin and Shi‘a, in the *dīwāniyyat al-ithnain* (Monday salons) movement calling for the restoration of parliamentary politics after the suspension of parliament in 1986.

The possession of instrumental powers did not guarantee the mercantile class automatic success in their attempts to exert more influence. The strength of their instrumental powers

fluctuated in various social arenas since the beginning of parliamentary life. Their membership to the National Assembly proved to be less effective as a means to push their own agendas, especially with the emergence of other social actors who had previously been left out from the political power balance, such as the Bedouins. On the flip side, the side merchants' instrumental powers were stronger in the economic field. Through their investment in creating the Kuwait Chamber of Commerce and Industry, merchants were able to safeguard their own commercial interests. The government's lack of expertise also gave the chamber more opportunity to exerting more influence on the government, especially in the economical field.

The chapters of the post-oil era (Chapters 4-7) focused on detailing these various uses of instrumental powers during the reign of different rulers in a chronological manner, particularly paying attention to the temporal evolution of the merchants' usage of their diverse portfolio of strategies depending on the circumstances they faced at different time periods.

The change in the historical balance of power between merchants and the state occurred during the reign of Shaykh 'Abd Allah al-Salim al-Sabah who succeeded Shaykh Ahmad al-Jabir. The first 11 years of his rule were the focus of Chapter Four. Kuwait's oil revenues increased substantially during the 1950s, which freed the government from its historical financial dependence on merchants. Oil revenues did not immediately improve the efficiency of the government, which was still not prepared to administer its newly-found fortune. The failure of the government to manage its first development plan is a case in point. The government's inefficiency in implementing the development plan alongside the administrative disorganisation of the nascent Kuwaiti state was a source of mercantile dissatisfaction. These chaotic conditions threatened to derail mercantile interests in the economy, causing them to be more vocal in their demand for reform. Merchants who lost their structural powers during those times relied on the classical strategy of directly lobbying the ruler, as well as forging alliances with the Arab nationalist movement as an opposition force. They continued to pressurise the government to introduce more reforms in response to economic

mismanagement. In response, the government created the appointed bodies of the Higher Executive Committee and the Supreme Council, which were tasked with overseeing the implementation of the development plans. These events conform with the historical "recursive patterns" of both the government and mercantile political activism elucidated above. Furthermore, the government found itself in need of mercantile experience due to the lack of locals with the adequate skills and education in Kuwait. Thus merchants were offered membership of the newly set up committees, such as the education and prices committees, and in the legislative council that administered Kuwait prior to its independence. That council forwarded important pieces of legislation that had mercantile input in them, including the citizenship law. Merchants were also appointed as members of the citizenship committees which were formed in 1959 after the law was issued and which were tasked with discerning who deserved the nationality.

In 1961 Kuwait finally gained its independence from British protection. The first four years of independence 1961-1965, were covered in Chapter Five, which were also the final years of Shaykh 'Abd Allah's rule. Kuwait entered a new phase with the beginning of formal political life. Merchants added two new options to their portfolio of political investments: participation in parliamentary life and the formation of the Kuwait Chamber of Commerce and Industry (KCCI). They were also able to leave a long lasting mark in local politics through their input to the Constituent Assembly which wrote the 1962 constitution. They also featured heavily in the first cabinet. Indeed, leaving aside the ruling family, merchants were by far the most active social political grouping. However, they suffered their first blow during the first parliament, when deputies refused to allow a mercantile dominated government to take the oath of office. Part of the mercantile tolerance of the damages inflicted upon their political prestige during this event was their strength in the economic arena. Indeed, merchants were able to secure their interests by devising the legal framework which the economy was based on. The National Assembly passed the majority of

the important laws which protected mercantile interests from foreign competition, and the newly formed KCCI also kept an eye on their interests through its strong relations with the government.

Chapter Six dealt with the times of Shaykh Sabah al-Salim al-Sabah who ruled Kuwait from 1965-1977. The existence of divergences in the political outlook of the mercantile class were revealed in the aftermath of the 1967 controversial parliamentary elections, with many suspecting they were rigged by the government. Many mercantile deputies submitted their resignations. Others however stayed on, including Ahmad Zaid al-Sarhan who became the speaker of the National Assembly. The subsequent relatively muted mercantile response over the elections could be explained by the fact that merchants were getting accustomed to their new political reality as being a minority in the Kuwaiti political sphere whose influence started to weaken. In the parliament, merchants were outnumbered by other recently politicised factions, like the bedouin. Merchant influence in parliamentary politics further weakened in the 1975 parliament, with the appointment of a minister for commerce and industry who was on hostile terms with the KCCI. The parliament itself was unconstitutionally shut down the following year. As argued previously, what could explain the mercantile silence and acceptance of these conditions is that their economic and financial interests were not harmed by these new developments, as the economy was undergoing a boom from the rising oil prices.

The final chapter offered an account on the first 13 years of Shaykh Jabir al-Ahmad's era, which preceded the Iraqi invasion of Kuwait on 2 August 1990. Mercantile influence during the 1980s witnessed a revival through the role played by the KCCI in assisting the government with dealing with the collapse of the unofficial stock market in 1982. Throughout the 1980s more opportunities for mercantile influence were created through the establishment of the Supreme Planning Council and the Economic Reactivation Committee, where the government deemed there was a need for their economic expertise in the wake of the al-Manakh crisis and the economic downturn due to low oil prices.

With the reintroduction of parliamentary life in 1981, mercantile influence in this arena continued to be relatively diminished due to the competition with other social groups, with the bedouin having the lion's share of the seats. The Kuwaiti parliamentary experience itself received a blow in 1986 when the government decided to suspend the parliament again within less than a decade. Merchants' stand on the issue was divided. Some took part in the newly appointed government, while others demanded the return of parliamentary life at the end of 1989 and 1990 in what was known as the *dīwāniyāt al-ithnain* (Monday salons) events. In line with its historical recursive patterns, the government introduced new measures that aimed to weaken oppositional forces. During the first unconstitutional suspension in 1976, it redrew electoral district boundaries to ensure that minimal oppositional voices reached the parliament. In the second parliamentary suspension in 1986, the government created an alternate legislative body called the National Council, which had both elected and appointed members and enjoyed limited legislative powers in comparison to the previous National Assembly. Some merchants spearheaded the movement for the boycott of this newly created body, while others took part in the government. However, Kuwaiti politics experience an abrupt "structural break" when the Iraqi tanks rolled over Kuwait borders on 2 August 1990.

An important theme emphasised throughout the thesis is the existence of divergences in the politics of members of the merchant class. Merchants in Kuwait have usually been viewed as a closely knit united social class, and such arguments play down the existence of any differences or the possibility of some members being influenced by political ideologies. As elsewhere in the Arab world, divergences in the political outlooks of the notables or business classes did exist in Kuwait.

Events analysed in this thesis confirm such a pattern throughout the decades studied. During the 1938 council events, some merchants like Khalid al-Zaid al-Khalid supported the ruler Shaykh Ahmad al-Jabir, while others, such as 'Abd al-Latif al-Ghanim, led radical calls for reform and were

later imprisoned because of their opposition to the government. These divergences extended to the post-oil and independence era. In the 1967 controversial elections which saw accusations of rigging, Ahmad Zaid al-Sarhan preferred to stay in the National Assembly and he was subsequently elected as the speaker. Other mercantile figures like Muhammad al-Kharafi, ‘Abd al-‘Aziz Hamad al-Saqr and ‘Abd al-Razzaq al-Khalid submitted their resignations as a sign of their objection to what they saw as governmental interference in the electoral process. The al-Manakh crisis also generated divergent responses from the mercantile class. At the council of ministers, the minister for finance and planning ‘Abd al-Latif al-Hamad took a firm approach towards dealing with the investors who instigated the crisis and ended up resigning as a sign of protest. This contrasted with the stance of Jasim al-Marzuq, the minister for commerce and industry, who was more lenient and accommodating. Al-Hamad's positions also radically differed from the mercantile dominated KCCI, on whose board sat his brother Ya‘qub .

In the parliament, mercantile parliamentarians also displayed different ideological perspectives. Khalid al-Sultan’s opposition to the government was based on a religious point of view due to his support to the Islamic salafist movement. Al-Sultan was a clear example of how some members of the mercantile class were influenced by other political ideologies, a theme alluded to previously through the membership of some established mercantile figures with the Arab nationalist movement.

Thus, it becomes important to highlight the nuances and divergences found within the mercantile class in terms of political standings and actions. Politics in Kuwait and the Gulf remains a highly personalised field, despite the existence of modern administrative governing systems. Therefore it is important to pay attention to detail, as this often makes a crucial difference in the decision making process. The findings of this research stress the importance of individuality and cautions reaching a uniform generalisation that is applicable across the board to Kuwait’s mercantile class.



Finally, this thesis joins the other body of work on Gulf politics which challenges the notion of the complete autonomy of the state. As elucidated through their involvement in various government cabinets, committees and chambers of commerce, merchants provide an ideal case of a group that was able to penetrate the state. Indeed, the overarching conclusion reached in this historical study, which relied on an in-depth assessment of the historical archives over a period spanning more than eight decades, is that merchants continued to play a highly relevant and influential, albeit evolving role, in Kuwaiti politics and society. They were an integral and constitutive element of the body-politic, displaying a complex use of power and influence that evolved from structural powers in the pre-oil era to a reliance on instrumental powers in the post-oil age. Through involvement in the emerging state bureaucracy and in government cabinets, by forming alliances with the opposition and other social forces and by establishing media outlets and chambers of commerce, merchants were able to leave an indelible mark on the formation of the modern state of Kuwait and its political makeup in the period 1910-1990. It remains for future studies to trace the evolution of this role in the period that followed the Iraqi invasion of Kuwait.

## **Appendix 1 Select Biographies**

### **Kuwait's rulers**

Shaykh Muhammad bin Sabah: ruler of Kuwait, 1891-1896. His rule was abruptly ended when his brother assassinated him.

Shaykh Mubarak al-Sabah: ruler of Kuwait, 1896-1915. The founder of modern Kuwait. During his rule the Anglo-Kuwaiti Agreement was signed in January 1899, giving British protection. Two main battles were fought during his rule which were al-Sarif and Hadiya.

Shaykh Jabir al-Mubarak al-Sabah: ruler of Kuwait, 1915-1916.

Shaykh Salim al-Mubarak al-Sabah: ruler of Kuwait, 1917-192. In his brief rule Kuwaitis fought two battles: Jahra and Hamdh. A third wall was built to fortify the town from future attacks.

Shaykh Ahmad al-Jabir al-Sabah: ruler of Kuwait, 1921-1950. During his era oil was discovered in commercial quantities and in 1946 Kuwait started exporting its oil. Three legislative councils were formed during his rule: one in 1921 and two in 1938.

Shaykh ‘Abd Allah al-Salim al-Sabah: Amir of Kuwait, 1950-1965. President of the first legislative council in 1938 and the second legislative council in December 1938. During his rule Kuwait gained independence. Formal parliamentary life started at the beginning of 1963.

Shaykh Sabah al-Salim al-Sabah: Amir of Kuwait, 1965-1977. Head of the Department of Health 1959. Deputy premier and minister for foreign affairs in the first cabinet in 1962. In October 1962 he was appointed as crown prince and prime minister.

Shaykh Jabir al-Ahmad al-Sabah: Amir of Kuwait, 1977-2006. Head of the Department of Finance in 1959. Minister for finance and industry in January 1962. Prime Minister since November 1965, and in May 1966 he was appointed as crown prince.

Shaykh Sa‘ad al-‘Abd Allah al-Sabah: Amir of Kuwait, 2006. Head of the Department of Public Security 1961, and later held both the interior and the defence portfolios since 1964. In 1978 he was appointed as crown prince and prime minister. Shaykh Sa‘ad held the premiership up to 2003. In 2006 Shaykh Sa‘ad became amir however his rule was brief due to his health conditions. The National Assembly decided to transfer the amiri powers to the council of ministers, and later on Shaykh Sabah al-Ahmad was appointed as amir of Kuwait.

Shaykh Sabah al-Ahmad al-Sabah: Amir of Kuwait, 2006 - present. In 1954 he was a member of the Higher Executive Committee. In 1955 he was appointed as the president of the department of social affairs and the department of publications. After Kuwait gained its independence he was appointed as minister for guidance and information in the first cabinet. In 1963 he was appointed as a minister for foreign affairs. In 1992 he was appointed as deputy prime minister and minister for foreign affairs, and in 2003 he succeeded Shaykh Sa‘ad as prime minister.

### **Leading personalities in the ruling family:**

Shaykh ‘Abd Allah al-Mubarak al-Sabah (1914-1991): Deputy ruler during Shaykh ‘Abd Allah al-Salim’s rule. He was the president of the Public Security and Police Departments. Shaykh ‘Abd Allah resigned from his official posts in 1961.

Shaykh Fahad al-Salim al-Sabah: Died in 1959. Brother of the late Amir Shaykh ‘Abd Allah al-Salim. Shaykh Fahad held several posts during the 1950’s he was the president of the Departments of Health and Municipalities, and head of the Development Board.

### **Leading Kuwaiti personalities:**

Khalid Sulaiman al-‘Adsani: the secretary of the first legislative council in 1938. He was a former diplomat, and a minister for commerce and industry in the 1971 parliament.

‘Abd al-Latif Thunayyan al-Ghanim: 1912-1988: A member of the 1938 second legislative assembly. He was imprisoned after the suspension of the assembly, and he was released in 1944. During the parliamentary life he was elected as the speaker of the Constituent Assembly which prepared the constitution. He was also appointed as a minister for health, and he was also an acting minister for public works.

Ya‘qub Yusuf al-Humaidhi: a member of a wealthy mercantile family, and a former parliamentarian in the 1963 assembly. Al-Humaidhi was one of those members who submitted their resignations from the 1963 National Assembly. He was a member of the Constitutional Review Committee which was appointed after the unconstitutional suspension of the National Assembly in 1976.

Shaykh Yusuf bin ‘Abd Allah al-Ibrahim: Died in 1906. A descendant of a wealthy mercantile family which had its own commercial establishment in Bombay. Shaykh Yusuf supported the sons of the former ruler of Kuwait Shaykh Muhammad and his brother who were assassinated by their uncle Shaykh Mubarak. Due to his position he was in a long term enmity with Shaykh Mubarak.

Jasim Muhammad al-Kharafi: a former parliamentarian, in the 1975, 1981, 1985, 1996, 1999, 2003, 2006 and 2009 assemblies. Al-Kharafi was also a speaker in the assemblies between 1999 and 2009. In 1985 he was also minister for finance and economy until 1990.

Dr Ahmad al-Khatib: a former Kuwaiti parliamentarian in the 1963, 1971, 1975, 1985 and 1992 assemblies. He was one of the members who submitted their resignation from the first parliament in 1965. He was a founding member of the Arab Nationalist Movement.

‘Abd al-‘Aziz al-Masa‘id: Kuwaiti businessman, proprietor of newspaper *al-Ra’i al-‘Aam*, and former parliamentarian. Al-Masa‘id was elected as a speaker of the National Council which was formed in 1990.

Mulla Salih al-Mulla: the former secretary to several rulers of Kuwait, 1906-1941. Mulla Salih was a controversial figure in the 1938 events in Kuwait.

Jasim al-Qatami: died in 2012. A former Kuwaiti parliamentarian in the 1963, 1975 and the 1985 assemblies. In 1965 he resigned alongside other nationalist members as a sign of their dissatisfaction with the government's submission of some laws. In 1956 he resigned from his post at the Department of Security due to his objection to orders to send forces to disband a public gathering.

Shaykh Yusuf bin 'Isa al-Qina'i: Died in 1973. A member of the 1921 and 1938 first and second legislative council. Shaykh Yusuf belonged to an established mercantile family, and he was also a leading educational figure in Kuwait.

'Abd al-'Aziz al-Rushaid: Died in 1938. A member of the 1921 council and a historian.

'Abd al-'Aziz Hamad al-Saqr: Died in 2005. A member of the Constituent Assembly, and the first minister for health. He was elected as the speaker of Kuwait's first National Assembly although he submitted his resignation from the speakership in 1965 after the fall of the government. Al-Saqr was one of the parliamentarians who resigned after the 1967 parliamentary elections out of disgruntlement with interferences in the electoral process. He was for a long time the president of the Kuwait Chamber of Commerce and Industry (KCCI).

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